

Village of Lake Placid/Town of North Elba Shared Services Study

December, 2008

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Prepared for:
The Village of Lake Placid, the Town of North Elba and the New York State SMSI Program
Charles Zettek Jr.
Director of Government Management Services
Project Director

1 South Washington Street
Suite 400
Rochester, NY 14614
585.325.6360

100 State Street
Suite 330
Albany, NY 12207
518.432.9428

www.cgr.org

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SUMMARY

Building on a history of cooperation, the Village of Lake Placid and Town of North Elba successfully applied for a Shared Municipal Services Incentive (SMSI) grant from New York State to evaluate additional opportunities to share services. A primary objective was to determine possible alternatives for sharing costs equitably while maintaining services and keeping costs as low as possible. The Center for Governmental Research (CGR) was engaged to carry out the study.

CGR found that the village and town have moved well along the path of sharing services. To some extent, the two communities are unique in New York State because they worked cooperatively to hold two Olympics centered in Lake Placid in 1932 and 1980. The structural basis for the town to provide park services for both the town and village dates to the 1932 Olympics when a park district was created in the town. The 1980 Olympics resulted in two important developments, the first regional and the second more local, that continue to impact the community. The New York State Olympic Regional Development Authority (ORDA), created to manage the major Olympic facilities in the town and village, is a major direct user of village water and sewer services. The central broadcasting facility that was built for the Olympics was turned into a highway/bus garage owned by the town. Costs for the facility are shared equally by the village, town and school district, which is clearly an efficient model. Within this context of cooperation, the village and town governments signed a Memo of Understanding (MOU) in January, 2006 to jointly pursue ways to keep municipal costs as low as possible and share those costs equitably across village and town taxpayers.

Villages exist within towns. Thus, while technically they are separate legal entities, they share common territory, have overlapping areas of focus, and complement each other. Despite this fact, in the many village-town SMSI studies CGR has conducted across the state, we have consistently found most citizens have a “we-they” perspective that divides village and town interests. This is why a framework to work cooperatively together such as the MOU is important. It acknowledges the mutual interdependence of the two governments and recognizes that the

services provided by, and the associated costs of one government, affect the services and costs of the other.

The MOU provided the basic set of questions to be studied in the SMSI project. The primary objective was to look at the range of services provided by both the village and town and identify where joint service and cost sharing might be considered. Given that objective, the study was specifically designed to address:

- opportunities within parks, highways and public works;
- options for equalizing water and sewer rates within the broader context of joint cost sharing; and
- the feasibility of aligning the village and town fiscal years to facilitate joint budget planning.

Our findings for the three areas are presented in Section 1 of this report.

As noted in the report, dynamic changes within the village and town over the course of the study required adjusting the study objectives and scope. In addition, after the study was initiated, it became clear through interviews with community leaders and feedback from the public hearing that there was significant interest in placing the initial set of questions within the broader framework of fiscal challenges facing both governments, and options to address these challenges. Drawing on the experience CGR has gained in conducting eight shared services/consolidation studies for villages and towns across the state over the past two years, we offer, in Section 2, additional perspectives on issues and opportunities for the village and town. These are intended as suggestions that may be helpful to address these larger fiscal concerns.

In summary, the village and town have a long history of working cooperatively to share services, facilities and personnel in order to control the costs of local government. This report offers some additional opportunities to make local government more efficient and reduce costs. It is clearly in the best interest of the greater community to continue to pursue the types of opportunities outlined in the MOU, which demonstrate that community leaders are trying to make their governments more efficient and cost effective.

There is, however, a larger context to the fiscal stress facing the greater community. CGR found that the cost reductions that can be achieved through additional efficiencies will only have a marginal impact on local property taxes. Significant property tax reductions can only be achieved by 1) obtaining additional revenue from other sources (for example, from sales tax or additional state revenues), 2) by reducing the current level of services in the village and/or town, or 3) by some creative sharing of resources between the village and town. This report provides some examples of creative options that could be considered.

Acknowledgements

CGR wishes to thank the many members of the communities of Lake Placid and North Elba who devoted the time to meet with CGR and provide the information required to prepare this report. In particular, CGR thanks three key staff for their invaluable assistance with this project: Angel Marvin and Peggy Mousaw from the Village of Lake Placid and Catherine Gregory from the Town of North Elba, and the project oversight committee for its helpful insights. Committee members were: Jamie Rogers and Patrick Gallagher from the Village of Lake Placid, and Robert Politi and Jay Rand from the Town of North Elba.

Staff Team

This project was directed and written by Charles Zettek Jr, Director of Government Management Services for CGR. Other CGR staff who worked on this project included Maria Ayoob, Kate Bell, Vicki Brown, Katherine Corley, Hung Dang and Scott Sittig.

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SECTION 1 – BASELINE SHARED SERVICES REVIEW AND OPTIONS

Project Overview

The Center for Governmental Research (CGR) was engaged to carry out a study for the Village of Lake Placid and the Town of North Elba, funded by a New York State Shared Municipal Services Incentive (SMSI) grant, to identify opportunities to share municipal services and costs within the framework outlined by a Memo of Understanding (MOU) approved by the village and town boards in January, 2006. CGR's study was initiated in June, 2007. During the course of the project, CGR held several meetings with the project oversight committee. Initial interviews and site visits were conducted during the summer and fall of 2007. As a result of November 2007 elections, key town leaders changed. Additional interviews and site visits took place in late winter and spring 2008. A public meeting with presentation of preliminary study findings was held on April 29, 2008. Public feedback was solicited at that time – written response forms and e-mail and telephone contacts were offered. No formal public feedback was received by CGR except during discussions at the public hearing. Subsequently, CGR collected additional information, developed a water and sewer cost-sharing model, and drafted this report.

Key Background Information and Concepts

This project was specifically initiated to identify opportunities for joint cost sharing between the village and town, and to develop a template for cooperative agreements that could form the basis for cost sharing arrangements. The sub-sections that follow present CGR's findings and recommendations that address specific project components identified in the Program Work Plan that was the foundation of the SMSI grant. To help put the findings and recommendations in context, CGR first presents key background information and concepts.

1. Background - Village and town dynamics changed during this project.

The findings and recommendations provided in this report are different than originally anticipated when the SMSI grant was funded because several events occurred over the past year that significantly changed important factors to be considered. For example, in late 2006, the village and town experimented with using one supervisor (the town highway superintendent) to manage the village department of public works under a shared services agreement. However, this arrangement did not work out as hoped, and the village terminated the arrangement in early 2007. A new town highway superintendent was subsequently elected in November,

2007, which was widely reported to be a surrogate referendum by the voters on their desire to continue to run separate town and village public works operations. In a related change, the new village director of public works, having been promoted from the water department, created a more integrated department of public works and, over time, reduced total staff by two positions. These changes clearly made public works operations more efficient and less costly, and effectively carried out changes that would otherwise have been incorporated in this report. The fact that these changes were made pre-empted likely major findings of this report.

Other changes that occurred during the time this report was being written that affected the outcome included: a) the election of a new town supervisor (previously mayor of the village), who has worked to achieve a more cooperative approach between the village and the town; b) appointment of a new village treasurer; and c) finalization of agreements to create a joint planning/review board. In short, over the past year, the village and town have moved well down the path of creating a shared services approach to operations initially envisioned this report would address. As a result, the request for deliverables for this project changed to include assessment of a number of additional options to be considered by village and town leaders that could affect cooperative efforts between the village and the town over time.

2. Background – Village costs are distributed among different operations.

An important variable that affects recommendations regarding internal reorganization changes to village operations, and potential village/town shared services operations, is that many of the village central administrative costs are allocated between general fund expenses and water and sewer funds and the Lake Placid Municipal Electric Department. This has the effect of distributing costs across a broader base and having employees share work across departments, but also means that eliminating a position can have ripple effects across multiple operations.

3. Concept – There are three core cost-sharing strategies.

Although the SMSI project envisioned developing shared municipal service agreements modeled on the existing fire service agreement, where proportional sharing of costs is based on taxable assessed valuation, there are actually three cost-sharing strategies employed by municipalities across the state. The Village of Lake Placid and Town of North Elba currently employ examples of each type of strategy. The three strategies are:

- Splitting costs based upon a pre-agreed determination about equitable sharing. As one example, the village and town have agreed to split the cost for the Placid Xpress based upon an

estimated total cost per year, which then becomes the basis for a pre-agreed amount to be included in the town budget. As another example, the village, town and school district have agreed to share the cost of the joint municipal garage, on a proportional basis based upon square footage usage within the facility (and equally sharing in the cost of the night watchman), with the final cost to be determined based upon actual costs.

- Agreeing to split a percentage of estimated costs based on population or usage. CGR did not identify any agreements based upon populations served, however, water and sewer charges are based upon actual usage multiplied by pre-determined rates.
- Splitting costs based upon taxable assessed valuation. The primary example of this type of agreement is the agreement to share the costs of fire protection, emergency rescue and first-aid relief based upon the ratio of taxable property assessments being served between the village and fire districts 1 and 3.

It is also important to distinguish the difference between shared service agreements, which in effect establish a commitment between two governments to cooperatively provide for provision of services over a designated time period (typically multiple years) and single one-time cost sharing agreements. The village and town have a record of working cooperatively together using both types of agreements, but the latter¹ are more ad hoc and can be accomplished without a long-term commitment to work together.

4. Background – There are many shared services templates available.

While the initial intent of this project anticipated that a template for shared services agreements would be developed for this report, multiple resources are available that offer potential templates for shared services agreements that could be adopted to meet the specific needs of the village and town. In addition, our review of current existing agreements between the village and town shows that the two governments already have templates that can be modified to accommodate any of the three cost sharing strategies identified above. Thus, rather than duplicate entire shared service agreement templates, where appropriate, CGR instead provides a sample paragraph that specifically addresses the issues associated with the service to be covered by a proposed shared services agreement.

¹ For example, the one-time joint resolution to fund the fuel dispensing system capital improvements

CGR does not offer, nor are we qualified to offer, legal advice that can only be provided by an attorney. The comments and suggestions offered in this report represent only our informed judgment and experience, but legal counsel needs to be obtained prior to adopting any of the suggestions provided in this report.

For shared services agreements, a good general reference with many different examples of shared services agreements can be found at: <http://www.dos.state.ny.us/lgss/smsi/IMAs/IMApages.html>. Two reports with examples of shared services agreements that apply specifically to the highways and public works are:

- “Developing Intermunicipal Agreements for Highway Services: A Guide for Local Government Officials” at: http://www.nyslocalgov.org/pdf/Intermunicipal_Highway_Agreements.pdf
- “Promoting Intermunicipal Cooperation for Shared Highway Services” at: <http://www.dos.state.ny.us/lgss/pdfs/SharedHighway1.pdf>

Both of these reports are referenced in the section below addressing highway department operations.

5. Concept – There is a distinct difference between efficiency and cost reduction.

When identifying opportunities in this report, CGR distinguishes between efficiency and cost reduction. As noted at the public informational meeting, it is important and useful to distinguish between taking actions that result in cost savings compared with those that result in efficiencies. Some actions can create efficiencies, by eliminating redundant, duplicative or overlapping functions or services, even though doing so may not result in meaningful cost reductions.

An example is the creation of the joint planning/review board by the village and town. This clearly makes decision making more efficient from the point of view of anyone needing planning/zoning/ development review, because it eliminates the need to go through two different review processes. The primary benefit to the community is that the review process is more efficient. A secondary benefit is reduced demand for community volunteers’ time, as only one board needs to be staffed rather than two. The third-level benefit is reduced need for paid staff time devoted to these meetings, even though there is no actual reduction of staff. On the other hand, an actual staff position reduction does, in fact, result in direct cost savings (salary plus benefits), and impact future costs if the employee benefits package results in future obligations for benefit payments.

Project Component 1 – Assess Alternatives for Sharing Costs

The starting point for identifying opportunities to improve efficiencies and share costs of services that benefit both town and village residents was to create a matrix of all services and their costs. CGR developed, and reviewed with the project oversight committee, a highly detailed matrix of services and costs based upon Office of State Comptroller (OSC) function and object codes for the village and town for the most recently reported two-year period. CGR also obtained personnel information from the village and town and matched personnel to the various service functions. Finally, CGR developed a matrix of inter-municipal agreements between the village and town and with other municipalities. The information collected is summarized in TABLES 1-3.

TABLE 1 summarizes total expenditures by major functional area for both the village and town, showing actual expenditures for 2006 and 2007 based upon figures reported to the OSC. This summary is intended to help identify opportunities for shared services. To prepare this table, CGR had to use its judgment to group expenses into various categories in order to present an “apples-to-apples” comparison of the two governments. TABLE 1 primarily shows the cost of current operations for each function, except we were able to identify debt payments specifically for water, sewer and electric operations and included debt in the figures shown. It is also important to understand that the current costs shown understate actual costs for each function because they do not include the cost of benefits to employees. Benefits are unfortunately only reported to OSC in one lump sum as a separate cost. The detailed comparison information that is summarized in TABLE 1 is provided in Appendix A. More detailed information about key functional areas is presented later in the report.

TABLE 1				
Expense Comparison Summary				
Category	Town of North Elba		Village of Lake Placid	
	2006	2007	2006	2007
Board & Mayor / Supervisor	\$65,142	\$62,889	\$16,332	\$19,389
Court	\$33,964	\$43,772	\$52,015	\$59,399
Administration	\$457,756	\$466,353	\$147,555	\$131,337
Building / Code Enf. / Planning / Zoning	\$311,548	\$369,816	\$114,785	\$266,163
Insect Control	\$62,428	\$76,275		
Highway / DPW / Cemetery	\$1,296,141	\$1,420,319	\$1,046,022	\$953,394
Refuse / Transfer Station	\$475,082	\$485,442		
Police	\$4,878	\$5,149	\$930,324	\$988,152
Traffic Control	\$36,278	\$38,578	\$47,034	\$22,717
Parking			\$87,528	\$48,104
Animal Control	\$23,880	\$25,741	\$30,177	\$32,763
Fire Dept. / Ambulance	\$467,402	\$526,907	\$505,235	\$509,398
Parks	\$1,640,059	\$1,715,765	\$52,704	\$35,138
Trolley			\$69,226	\$79,877
Sewage Treatment	\$40,549	\$43,255	\$1,607,320	\$1,665,236
Water	\$53,378	\$129,984	\$1,149,936	\$1,122,414
Electric			\$6,652,842	\$7,522,872
Debt Service	\$730,790	\$625,005	\$502,096	\$484,994
Unallocated Insurance	\$94,518	\$97,138	\$158,901	\$129,963
Employee Benefits	\$731,592	\$701,316	\$1,397,108	\$1,406,010
Miscellaneous	\$210,135	\$297,108	\$175,818	\$592,730
Interfund Transfers & Loans	\$60,532	\$515		
TOTAL	\$6,796,052	\$7,131,326	\$14,742,958	\$16,070,050

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

TABLE 2 identifies the number of personnel budgeted in both the village and town in 2007, matched up to the functional areas identified in TABLE 1. The last column in TABLE 2 (“Agreement Ref. #”) refers to the listing of inter-municipal agreements listed in TABLE 3. Matching up where the village and town allocate staff resources to current agreements in this way identifies potential areas for new and or expanded shared services agreements.

TABLE 2					
Breakdown of Full & Part Time Personnel*					
Personnel Category	Town of North Elba		Village of Lake Placid		Agreement Ref. # Per TABLE 3
	FT	PT	FT	PT	
Board & Mayor / Supervisor		5		5	
Court	1	2	1	3	
Clerk / Finance / Attorney / Assessor	6	3	3		
Building / Code Enf. / Planning / Zoning	3	1			14, 15, 16
Insect Control		8			12
Highway / DPW / Cemetery	11	0	14	1	6, 7
Refuse / Transfer Station	5				
Police			13	4	
Traffic Control			2		
Parking				7	
Animal Control			1		2
Fire Dept.			6		8
Parks	9	33			18
Trolley			1	13	5
Sewage Treatment			4		
Water			7		
Electric			19	1	
Other (Building Maint. / Aging / HR)	2	3			13

*2007 Budgeted and filled positions

TABLE 3 lists all the Intermunicipal agreements identified by CGR that were referenced by the village and/or the town during the study. CGR obtained copies of many of these agreements, however, in some cases, copies of the agreements provided had expired, or were simply not able to be located. CGR recommends that copies of all agreements be maintained in the offices of the clerks of the village and town, and that the agreements be reviewed routinely to ensure they are current.

CGR Recommendation

TABLE 3	
Inter-Municipal Agreements in the Village and Town	
Ref. #	Agreements Between Village & Town
1	Mirror Lake Drive sidewalk winter maintenance
2	Dog Warden
3	Raybrook Water District
4	ORDA Bus Lease
5	Public Transit – LP Xpress
6	Highway Garage Lease
7	Highway Garage Roof Replacement
8	Fire Protection in Districts 1 & 3
9	Building Department
10	Parks Maintenance
11	Fuel Sharing & Capital Improvements
12	Black Fly Control
13	Joint Sharing of Town/Village Hall
14	Joint Planning Commission
15	Joint Board of Review
16	Joint Zoning Board of Appeals
17	Joint Planning & Grant Writing
18	North Elba Parks & Playground District
Ref. #	Village Agreements Outside Town
19	Village with Ironman North America Triathlon (License to conduct event)
20	Village with LP Horse Show Association (Parking)
21	Village with North Elba Historical Society (Parking)
22	Village with Village of Tupper Lake (Highway)
Ref. #	Town Agreements Outside Village
23	Town with Village of St. Armand (Fire Protection)
24	Town with Town of Wilmington (Shared Highway Svcs.)
25	Town with Village of Saranac Lake (Fire Protection #2)
26	Town with Several Entities for Joint Youth Programming

TABLE 1 and TABLE 2, taken together, show the relative resources being devoted by the village and town to various functions. These two matrices provide the background for providing options for answering three key questions that CGR was asked to address.

The first question is - who benefits from these services and who pays for them? In discussions with the project oversight committee, and in interviews with village and town staff, it was clear to CGR that there are two views held in the community. On the one hand, everyone recognizes that services provided by either the village or the town benefit all members of the greater community, either directly or indirectly. On the other hand, there are perceived inequities for several services regarding who pays for the services and who benefits. These will be discussed in various sections that follow, however, the most significant services identified were:

- police services (a village managed service paid for exclusively by village property taxpayers). NOTE: police services are discussed in Section 2 of the report.
- water and sewer services (village managed services paid for by user fees in both the village and in districts within the town – however, outside village users pay higher fees).
- highway services (both the village and town manage highway/DPW operations which are taxed for separately by the village for village operations, and taxed by the town in the following ways: a) on all properties in the village and town for town-wide services and b) on town-outside-village (TOV) properties for services provided only to those residing outside the village boundaries.

The second question is - what is an equitable way to share costs for services benefitting the whole community, and what is the best template for shared services? As noted previously, there are different accepted strategies for sharing costs that are used in communities across the state. Thus, rather than using the fire department agreement as the sole template, CGR recommends that the basis of cost sharing be flexible, depending on the service and situation. In the following section, we suggest different strategies and wording for agreements on a function-by-function basis.

CGR Recommendation

The third question is - what is the fiscal impact of alternative ways to share these costs? An analysis of recent fiscal trends for the village and town in terms of tax levies, tax rates and debt levels was developed by CGR as part of the PowerPoint presentation for the public meeting (*see slides 12-19 of Appendix B*). The charts and tables in the PowerPoint in Appendix B provide the context for projecting the fiscal impact of changes moving forward. The key is to identify changes in either property taxes or user fees as costs are shifted. Discussion of a shift in user fees applies to water and sewer rates and is presented in a later section².

Before proceeding to address specific service issue questions, we first summarize how to assess the property tax impact of cost reductions and or cost shifts. The property tax, for either village or town taxpayers, is a function of two variables: the tax levy (total taxes to be raised), and the taxable assessed value of the property against which the tax levy will be raised. Both variables change annually. The village and town

² Analysis of the electric department was neither requested nor included in this study, as it operates as a municipal electric company subject to its own set of laws and regulations. However, the report will address some of the impacts of the electric department on other department operations.

governments annually determine the amount of taxes that need to be raised (the tax levy) and the taxable assessed value of properties is derived each year by the town assessor. The single variable for determining the fiscal impact of changes in the tax levy is the taxable assessed value. Thus, it is possible to calculate the tax impact of increases or decreases in costs by taking the change in cost and dividing it by the current taxable assessed value.

TABLE 4 shows the property tax impact of making a \$10,000 change in cost to either the village budget or the town budget. In other words, using 2007 taxable assessed value, the 2008 property tax rate in the village would decrease by \$.019 per \$1,000 assessed value if the village tax levy decreased by \$10,000. If there was a corresponding increase in the town-wide tax levy of \$10,000, the town-wide tax rate would increase by \$.005 per \$1,000 assessed value³.

The tax impact on individual properties can be derived from TABLE 4. For example, a property in the village assessed at \$100,000 would see a \$1.90 per year drop in taxes for every \$10,000 cut from the village tax levy. A property in the town assessed at \$100,000 would see a \$.50 per year drop in their taxes per \$10,000 cut from the town tax levy. If \$10,000 in costs were shifted from the village to the town, this would result in a net property tax reduction of \$1.40 to a village taxpayer (\$1.90 village tax reduction plus \$.50 town tax increase) and a property tax increase of \$.50 to taxpayers outside the village (TOV).

TABLE 4		
Calculate Tax Rate Change		
Input Tax Levy Change ==>		\$10,000
	Tax Levy Change	Tax Rate Change per \$1,000 of Fully Taxable Assessed Valuation (2007)
Townwide	\$10,000	\$0.005
Village	\$10,000	\$0.019

Sources: OSC data, 100% equalization rate, Essex County Real Property Office

Two additional items of information may be useful for understanding the impact of changing the basic cost structures of the village and town.

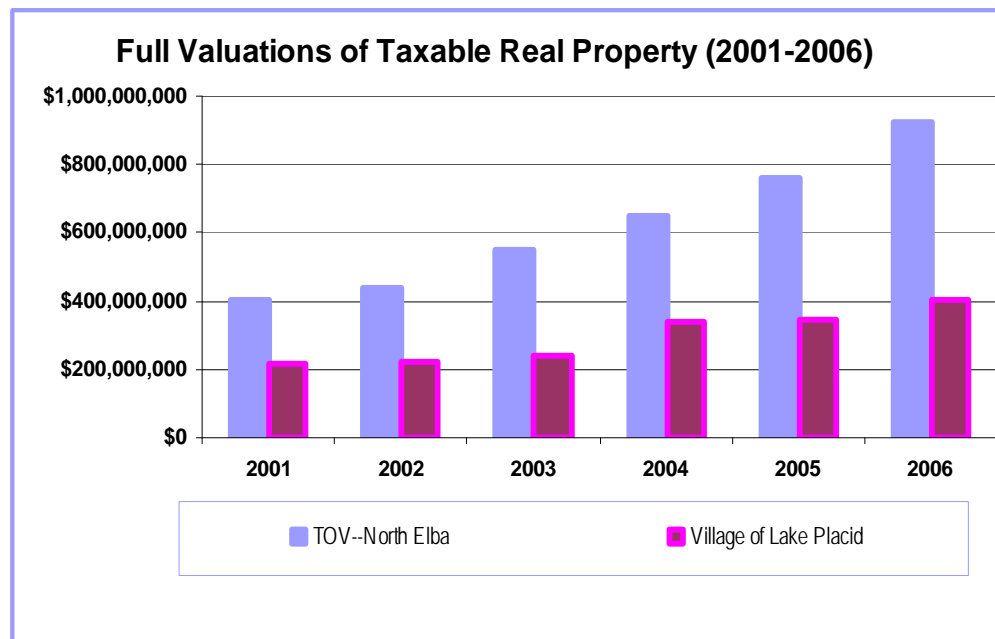
First, some costs are not entirely paid for by the town, but only in portions of the town. Water and sewer costs, for example, are paid for only by

³ These figures are rounded for ease in presentation, but clearly show the relative impact of cost changes.

those properties located within water and sewer districts in the town-outside-village. More generally, fire costs in the town are distributed proportionately to properties located in three different fire districts, which are of different geographic size and have different property values (taxable assessed values) within each area. The costs associated with the North Elba Public Parks and Playground District (the park district) are distributed over an area that is essentially the same size as the town. Although the taxable assessed value for the park district is slightly smaller than the taxable assessed value for the town⁴, for purposes of this report it is assumed that the fiscal impact of cost changes will be the same as if they were calculated using the town-wide rates.

Second, both the village and town taxable assessed values have increased over time, but at different rates. From 2001 through 2006⁵, the taxable assessed value has increased by 85% in the village and 130% in the town outside village (TOV). Thus, the tax base of the community is clearly shifting from the village to the larger town. This shift is illustrated in GRAPH 1.

GRAPH 1



⁴ Per figures supplied by Essex County Real Property Office

⁵ The figures shown and used for TABLE 5 are derived by CGR, making an adjustment by subtracting the value of the portion of the Village of Saranac Lake in the Town of North Elba. The most recent year where figures can be derived was 2006.

Before concluding this section, it is important to point out that, with regard to joint boards, the village and town have taken a leadership position relative to municipalities across the state in addressing community-wide planning and development needs within the greater community. CGR has cited the Joint Review and Planning Boards in particular to several other municipalities currently exploring how to create a unified approach to planning and development between a village and a town. The Lake Placid/Town of North Elba approach, using three village and three town appointments and one at-large member for the Review and Planning Boards and two village and two town appointments and one at-large member are models for ensuring the interests of both the village and the larger town communities are given proper consideration. This is also a way to make efficient use of community volunteers. The final logical extension of this shared board model would be to eliminate the need for both boards to appoint separate representatives, and instead have the boards jointly appoint volunteers who would, because they were joint appointments, take into account the best interests of the entire community.

Project Component 2 – North Elba Parks District

The North Elba Public Parks and Playground District was created as a special district by the New York State Legislature by chapter 477 of the laws of 1928. As it is a special district within the town, the Town Board acts as a trustee for the district. As noted above, property taxes levied for the district by the town are spread across a tax base that is essentially comparable to the tax base for the entire town. Thus, park district costs are effectively shared across the total assessed value of the town. For simplicity, CGR will use the word “town” below as a substitute for “park district”, although they are technically separate entities.

The costs of maintaining parks in the village are essentially distributed across, and paid for, by all town property taxpayers as the result of a cooperative arrangement between the village and the town. The village and town boards have an agreement that is structured as a permit, whereby the village permits the town to have the exclusive right to operate, manage and maintain parks in the village specifically named in the agreement (#1 Main Street Park, Bandshell Park, Hillcrest Avenue Park, Mill Pond Parks, McKinley Street Park, McKinley Street/West Valley corner park, Firehouse Park).

The use of a permit format was determined by counsel to be the appropriate mechanism to ensure the necessary legal distinction between village property (which remains the responsibility of the village trustees) and provision of service by the town on those properties. The background for this distinction is Opinion 88-60 from the Office of State Comptroller.

That opinion noted that because public parks are held in trust for the public, park property cannot be diverted to other uses or “alienated” without a special act of the State Legislature. Within that context, other than for providing concession or maintaining certain facilities, villages cannot “lease” their parks, especially for long time periods, as the concept of a lease opens up the potential for the lessor to divert the park from public use. Given this background, however, CGR found nothing that would preclude the town from making improvements to village parks as part of a shared service agreement whereby all town residents would benefit from such improvements, the parks remain held in public trust for use as parks, and the village retains ownership and control of all improvements made to the parks.

A flaw in the current agreement between the village and the town, however, is that it does not on the face of it establish the framework for a cooperative shared service agreement between the village and town. Further, the current agreement does not address how the village and town propose to finance capital improvements needed for these parks. Structural improvements are mentioned in the current agreement but it does not define what that means or include any cost parameters.

On the basis of interviews conducted for this study, it is clear that the parks covered in the current agreement are going to require capital improvements for upgrades and/or maintenance of the structural integrity of existing facilities. While a comprehensive list of anticipated improvements was not available to CGR, several persons mentioned the upcoming need to improve Bandshell Park, for which CGR heard estimates as high as \$500,000.

Since the town has for years accepted the proposition that the cost of maintaining the village park facilities can be a town expense, in that everyone in the larger community benefits from maintenance of these parks, it is reasonable to consider that this logic can be extended to funding of capital improvements to the parks. Inasmuch as the separation of village facilities must be maintained (as long as the village remains a separate corporate entity), the park maintenance permit mechanism could be retained. However, that could be done within the framework of a more encompassing shared services agreement, which would outline the intent of the village and town. The framework agreement would address the following key elements needed to manage and maintain parks going forward. The agreement would acknowledge that:

- the facilities, while technically owned by the village, exist for the benefit of everyone in the town,

- the town would maintain the facilities to a high standard, and could incorporate additional staffing assistance from the village during periods of peak demand,
- the town agrees that maintenance of the facilities will include making capital improvements as needed.

CGR reviewed whether or not a different organizational structure should be considered, such as a new joint department. We believe that the existing arrangement, utilizing the parks district as the staffing and funding mechanism for maintaining village parks, is the most equitable and efficient way to provide for these services. As noted earlier, the village may desire to maintain the parks within its borders at a higher level than the town considers to be baseline during periods of peak demand. Attempting to strictly define and enforce acceptable maintenance levels in an agreement is extremely difficult and time consuming. The village and town would be better served to work together cooperatively to meet quality standards that are acceptable to the community, and, if additional resources are needed at peak times, to define an acceptable method for sharing those extra costs.

CGR Recommendation

CGR recommends that the village and town pursue a stronger commitment to share the costs of providing public park facilities within the village by developing a new shared services agreement that incorporates the following elements⁶:

1. The village owns various parks to be included in the agreement,
2. The town believes that these parks provide important benefits to all residents of the town,
3. The village and the town agree that it is to the advantage of both the village and the town to share the parks as a joint resource for the benefit of everyone within the town,
4. The village agrees to issue a permit annually to the town similar to the existing permit,
5. The town agrees to maintain the parks (incorporating the current permit format, which could include a village contribution as currently provided), with the maintenance standards to be reviewed annually,
6. The village and the town jointly agree to share the costs of capital improvements through the park district tax levy. The capital

⁶ Language of the agreement to be finalized by legal counsel

improvements would be contracted by the village, however, requests for capital improvements would be approved by a joint village/town committee. (Note: A committee could be created as in the following section on highway departments, or could be one-and-the same committee).

7. The term of the master agreement would be for five years and renewable.

Fiscal Impact

The proposed new shared service agreement would ensure that both the costs of maintaining and making capital investments in all the parks in the town would be borne equitably by all taxpayers in the park district. The tax impact of this agreement cannot be projected until capital costs are identified. The formulas in TABLE 4, however, can be used to project the tax cost shifts between village and town taxpayers for whatever capital costs would be incurred by the town rather than the village alone.

Project Components 3 and 4 – Highway Departments

The third and fourth project components identified in the Program Work Plan focused on potential opportunities that might come from some combination of consolidating the village highway and water departments and/or the town highway department. The observations and recommendations offered by CGR in this section are based on the fact that a number of variables that were envisioned when the original proposal was developed changed during the course of the project. The most important variables that changed and affected this report are:

- The village and town tried operating the village and town operations under one supervisor (the town highway superintendent), at the time that the village highway superintendent's position became vacant. This arrangement did not work out and was terminated.
- Subsequently, the village filled the highway superintendent position with an employee who had extensive experience working with both water and highway personnel, and who subsequently integrated the personnel of the two units into a more integrated operation.
- In the fall of 2007, a new town highway superintendent was elected who has developed a close working relationship with the village highway department, so that the two departments are effectively working together to create efficient operations.

With that background, the project oversight committee de-emphasized the original intent of the study, which was effectively to model a consolidated department and how it would be managed, because current operations are working well together. However, because they continue to operate under two governments, certain operating efficiencies, as well as different ways to share and distribute costs, could be incorporated into new shared service agreements between the village and town.

Before focusing on potential new shared service agreements, however, CGR offers the following observations that address some of the research questions identified in the Program Work Plan.

First, CGR believes that any savings from cooperative or centralized purchasing in highway operations would be minimal in terms of direct purchases. Both the village and the town fully utilize state contracts for major commodity and fleet purchases, thus they are already obtaining volume pricing. It is well known that state contract pricing is not always the lowest pricing – that sometimes local vendors undercut state pricing. However, CGR’s experience is that over time, state contract pricing, on average, results in lower purchase costs. For non-contract purchases of quick-need items or small volume purchases, both village and town staff do shop around by obtaining quotes when possible. Thus, given the nature of highway and DPW operations, it is not likely that changing current purchasing practices will yield substantial savings⁷.

The most likely area where changed purchasing practices would produce efficiencies would be in saving DPW staff travel time running around to vendors to pick up small quantities of items and supplies. There are two ways to reduce lost staff travel time. One is through better planning of projects so that supply needs can be anticipated. The other is to purchase an inventory of standard items. CGR observed that neither the village nor town maintain substantial inventories of commonly used parts and supplies. We do not necessarily recommend that the village or town create substantial inventories, however, because there are clear cost trade-offs between tying up money in inventory and purchasing parts and supplies just-in-time (JIT). Since the 1980’s, the trend in industry has been to move toward JIT purchasing, in order to minimize inventory, and most small municipalities operate this way. Thus, the solution for the village and town is for managers to exercise better planning, which CGR observed is happening with the new superintendents in the village and the town.

⁷ For example, CGR estimates that miscellaneous purchases of non-contract items total one-half or less of supplies and materials purchases in the village DPW operations. If centralized purchasing could produce an additional 10% savings (a realistic best case, on average), this would save an estimated \$3,000 per year.

CGR did on-site observations of all village and town operations' work spaces. The town garage is divided into three sections by solid walls for village, town and school operations, based upon space allocations agreed when operations first moved there after the 1980 Olympics. As long as the facility remains structurally sound, there does not appear to be any reason to disrupt the current arrangement. If village and town operations were combined into a consolidated department, the total internal working space would still be fully utilized by the combined operation. The primary difference would be that utilization of the interior space might be changed, and, if the operations were consolidated under the town, the town would not be collecting the annual revenues currently paid by the village to cover the village's portion for the night watchman and utilities⁸.

Early in the study, CGR developed a preliminary draft organizational chart for a consolidated operation. One of the initial questions posed was whether or not there would be any advantages to organizationally combining village highway and water department staff into a consolidated Department of Public Works. In effect, the village has created that structure over the course of the past year⁹, as both departments are now under the supervision of the highway superintendent. Even more to the point, it is clear from the way that staff positions are funded, that employees work across highway, water and sewer operations.

TABLE 5 shows how costs of staff and the village board are allocated to different funds. Note that 10 of the staff assigned to either the highway or water departments organizationally are partially funded by another department and/or funding source, and thus are wearing multiple hats in terms of jobs performed. This is typical of smaller village and town operations, and indicates that operationally, village highway, water and sewer personnel are already operating as a single integrated unit¹⁰.

⁸ Budgeted at \$20,000.

⁹ Even though the village budget shows separate highway and water departments

¹⁰ This assessment excludes the electric department and the sewage treatment plant operations, both of which operate as stand-alone units. However, as shown in TABLE 5, two highway staff provide direct assistance to, and are partially funded by, the electric department. In addition, village highway/water/sewer staff provide support and equipment to the sewage treatment plant operations as needed (e.g., handling solids that result from the sewage treatment process).

TABLE 5				
Village Employees and Board Cost Allocated To Funds				
	General Fund	Water Fund	Sewer Fund	Electric Fund
Administration Group				
Board of Trustees	X	X	X	X
Mayor	X	X	X	X
Village Clerk	X	X	X	X
Village Treasurer	X	X	X	X
Dispatcher Group				
Dispatcher	X	X	X	X
Highway/Water Group				
Highway Staff A	X	X	X	
Highway Staff B	X			X
Highway Staff C	X			X
Water Dept. Staff A		X	X	
Water Dept. Staff B		X	X	
Water Dept. Staff C		X	X	
Water Dept. Staff D		X	X	
Water Dept. Staff E		X	X	
Water Dept. Staff F		X	X	
Water Dept. Staff G		X	X	

Source: Village Budget

As summarized earlier in TABLE 2, full-time positions in the highway and water departments in 2007 totaled 21 positions. In modeling potential staffing efficiencies by creating a single consolidated department between the village and the town, the combined full-time staff baseline would have been 33 (with the 11 town employees grouped by CGR into highway/DPW equivalent operations). Our experience is that in combining similar but separately managed operations, over time staffing efficiencies would typically yield staff reductions in the range of 5% to 10%, which in the case of a combined village and town operation would translate into expected staff reductions of 1-3 positions. However, the new village highway superintendent has already reduced staff in the village operations by one position as reflected in the 2008-2009 budget. This has been due both to efficiencies in village internal operations and from village and town operations working more cooperatively. CGR concludes the village and town are already benefitting from staff efficiencies that would be expected upon creation of a consolidated department.

With this background as context, CGR believes that there are opportunities to address several of the issues identified in the Program Work Plan. Specifically, new shared service agreements, along with a

proposed joint public works committee, could address the funding, equipment and financing issues identified.

Consolidated Department Background

There are many different examples of shared services agreements covering highway and other public works related operations throughout the state, many of which are discussed in the two shared services monographs cited previously¹¹. Based on our experience, however, CGR believes that the model that comes closest to the approach envisioned by the Village of Lake Placid and the Town of North Elba is the shared consolidated highway department for the Village and Town of Cobleskill. There are some limitations to the Cobleskill approach as it might be applied in Lake Placid/North Elba, but much of the conceptual framework can be applied to benefit the village and town.

In brief, the Village and Town of Cobleskill entered into an agreement in October, 2003, to “share the employees and equipment of their respective highway departments...and facility...” and to “appoint the same individual to be Superintendent of their respective Highway/Public Works departments...” A key component of this agreement was the creation of a “Highway Committee, comprised of two members of the Town Council and two members of the Village Board, to review the overall performance of the combined highway operations...and to make appropriate recommendations for adjustments to both boards.” The original agreement was amended in October, 2005, in order to clarify that the Highway Superintendent was authorized to purchase supplies for the joint department. Under this amendment costs are shared by the town and village and invoiced accordingly, with the town and village sharing the costs of part-time employees, and the town and village jointly owning various equipment in the department. The original agreement was renewed for three more years in 2007.

The key concept in the Cobleskill model is that, while both the town and village maintain “on paper” separate departments, one manager is determining how to deploy personnel resources to tasks anywhere in the town, and how to purchase common equipment and supplies that can be used anywhere in the town. The only cost component that is not integrated

¹¹ “Developing Intermunicipal Agreements for Highway Services: A Guide for Local Government Officials” at: http://www.nyslocalgov.org/pdf/Intermunicipal_Highway_Agreements.pdf; “Promoting Intermunicipal Cooperation for Shared Highway Services” at: <http://www.dos.state.ny.us/lgss/pdfs/SharedHighway1.pdf>

is payroll. Employees of the town and village have continued to remain employees of the town or village, with their own separate pay scales and benefits. However, the Highway Superintendent deploys all personnel as needed anywhere in the town.

The basic concepts that could be applied to Lake Placid/North Elba are the sharing of costs for facilities, personnel, supplies and equipment, and creation of a joint committee to oversee a consolidated department. The primary difference in Lake Placid/North Elba is how a consolidated department would be managed. In Cobleskill, the town highway superintendent is appointed by the town board, whereas the North Elba highway superintendent is elected. Thus, it would seem that there are only two options to create a single department head for a consolidated department in Lake Placid/North Elba:

- change the town highway superintendent to an appointed position¹²
- have the village agree to have its highway/public works operations be supervised by the town highway superintendent.

As described previously, the latter option was tried within the past two years and was unsuccessful. Further, it is unclear whether voters are in favor of moving from an elected to an appointed town highway superintendent.

Thus, CGR believes that, at this time, the best approach for the village and town would be to try to create an integrated operation similar to Cobleskill's while still retaining two independent supervisors. This model could work as long as the supervisors work well together and there is a joint board to provide oversight, identify ways to manage operations as an integrated unit, and jointly approve equipment expenditures to move toward an integrated, consolidated, standardized fleet.

Elements in an Integrated Approach

In addition to the conceptual framework for creating an integrated shared services model, it is important to recognize that towns may fund certain types of highway services even though these services are located within a village. The Office of the State Comptroller Opinion 98-10 to the Town of Kinderhook details what services a town may provide to a village. The most relevant citations from that opinion follow.

“Highway Law, §277 authorizes, but does not require, a Town to exempt property within Villages from Town taxes for Town highway

¹² A public referendum would be required to approve this change.

equipment and Town highway snow removal and miscellaneous expenditures.¹³ ...In addition, a Town may agree to repair and maintain Village streets under Highway Law, §142-c without consideration...”

“...Village Law, §6-602 provides that the streets and public grounds of a Village constitute a separate highway district under the exclusive control and supervision of the Village board of trustees or other officers to whom such control is delegated by the board. Highway Law, §142-c provides that a Town board may authorize the Town highway superintendent, upon such terms and conditions agreed to by the Town board and Village board of trustees, to remove snow and ice from streets and sidewalks in any Village within the Town, repair streets and sidewalks within any Village within the Town and permit the use of Town highway machinery, tools and equipment in or by any Village within the Town...”¹⁴

“...Thus, a Town and Village may provide, by contract, for the Town to repair and maintain Village streets. There is no requirement in section 142-c that consideration be paid to the Town for these services.¹⁵ If consideration is to be paid, the statute does not prescribe a method for determining the amount of such consideration¹⁶.

Therefore, the Town and Village may agree to a reasonable formula or method for determining the charge, including, but not limited to, cost per mile (id.)...”

To summarize, the town of North Elba could at its discretion and with the concurrence of the village board, jointly purchase equipment, pay for the cost of snow control operations and perform street maintenance and repair for the village without charge. Doing so would have the effect of transferring the cost of these services from solely village taxpayers to all town taxpayers with a corresponding tax impact that can be derived using the formulas in TABLE 4.

To date, the Cobleskill model does not have all the elements of cost sharing that could be derived from the town budget absorbing all of the costs described above. However, in recent discussions with Cobleskill officials, their highway committee is currently developing a model to

¹³ See *DuBois v Town of New Paltz*, 35 NY2d 617, 369 NYS2d 506.

¹⁴ See also General Municipal Law, §119-o; 1989 Opns St Comp No. 89-57, p 128; 1983 Opns St Comp No. 83-172, p 217; 1982 Opns St Comp No. 82-136, p 170.

¹⁵ See 1983 Opns St Comp No. 83-172, p 217; 1973 Opns St Comp No. 73-912, unreported; see Memorandum of the Office for Local Government, L 1962, ch 561, McKinney's Session Laws of 1962, p 3568; *Comerseki v City of Elmira*, 308 NY 248.

¹⁶ New York Office of the State Comptroller, Opn No. 83-172.

accomplish full sharing of costs across all town taxpayers through a fully consolidated highway department.

Applying these concepts to Lake Placid/North Elba, CGR believes that a logical series of steps can be taken by the village and town to integrate highway operations and share costs equitably through a shared services agreement that would incorporate the following elements¹⁷.

1. Creation of the joint highway committee similar to that created in Cobleskill through a shared service agreement, with the preamble that the village and town recognize the benefits of working together to control costs and make operations more efficient.
2. Agreement to share costs for services that benefit everyone in the town, citing the legal precedence for doing so.

TABLE 6, which is a summary of highway and related costs listed in Appendix A, provides a starting point for identifying areas where the town could begin to pay for services. As shown in TABLE 6, a reasonable starting point for discussion would be snow removal, as that is clearly the largest discrete expense category for both entities. Clearly, there are operational differences between plowing and snow removal requirements in the higher density village area compared with more rural town roads. However, storms hit community-wide, thus, clearing snow benefits the whole community. Further, higher intensity snow plowing services are required in areas of the town directly adjacent to the village boundaries (for example on Rt. 86 from the north). Thus, a reasonable argument could be made that all snow plowing costs could be a town-wide expense.

¹⁷ Language to be finalized by legal counsel

TABLE 6							
Highway / DPW Expenses for Fiscal Years 2006 & 2007							
Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
A1640	Central Garage						
A16401	Central Garage, Pers Serv	\$64,161	\$84,333				
A16404	Central Garage, Contr Expend	\$87,908	\$111,549				
A5010	Street Administration			A5010	Street Administration		
A50101	Street Admin, Pers Serv	\$64,562	\$59,770	A50101	Street Admin, Pers Serv	\$40,315	\$43,098
				A50104	Street Admin, Contr Expend	\$1,265	\$170
A5110	Maintenance of Streets			DB5110	Maintenance of Streets*		
A51101	Maint of Streets, Pers Serv	\$97,874	\$104,237	DB51101	Maint of Streets, Pers Serv	\$71,487	\$70,802
A51104	Maint of Streets, Contr Expend	\$166,829	\$92,221	DB51104	Maint of Streets, Contr Expend	\$18,329	\$14,699
				DB5112	Improvements*	\$23,664	
				DB51121	Improvements, Pers Serv	\$23,664	\$22,898
				DB51122	Perm Improve Highway, Equip & Cap		\$192,511
				DB51124	Perm Improve Highway, Contr Expend	\$303,394	\$260,882
				DA5120	Maintenance of Bridges		
				DA51204	Maint of Bridges, Contr Expend	\$19,170	
				DA5130	Machinery		
				DA51301	Machinery, Pers Serv	\$25,002	\$11,986
				DA51302	Machinery, Equip & Cap Outlay	\$146,250	\$39,468
				DA51304	Machinery, Contr Expend	\$80,775	\$95,611
				A5132	Garage		
				A51321	Garage, Pers Serv	\$22,714	\$23,569
				A51322	Garage, Equip & Cap Outlay	\$1,483	\$4,116
				A51324	Garage, Contr Expend	\$265,816	\$303,806
A5142	Snow Removal			DA5142	Snow Removal		
A51421	Snow Removal, Pers Serv	\$190,580	\$209,524	DA51421	Snow Removal, Pers Serv	\$81,012	\$111,535
A51422	Snow Removal, Equip & Cap Outlay	\$5,202	\$2,595				
A51424	Snow Removal, Contr Expend	\$198,046	\$123,349	DA51424	Snow Removal, Contr Expend	\$41,869	\$45,300
A5410	Sidewalks						
A54101	Sidewalks, Pers Serv	\$67,062	\$70,828				
A54104	Sidewalks, Contr Expend	\$46,578	\$37,382				
	Other (Storm Sewers, Street Cleaning)	\$57,220	\$57,606	Other (Services for Other Govts, SL, Airport, Other Transp., Cemetery)		\$153,596	\$179,870
	GRAND TOTAL	\$1,046,022	\$953,394	GRAND TOTAL		\$1,319,805	\$1,420,319

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

*TOV Expenses

- Agreement to share capital costs for those items approved by the joint highway committee. The assumption is that the joint committee would approve a set of common standards for equipment used by either department, so that, over time, there would be a standardized fleet used by all employees. This would create purchasing, maintenance and repair efficiencies and permit staff to be trained on all equipment, which will provide personnel efficiencies.

4. Agreement that the joint highway committee would oversee the standards for snow and ice control, road maintenance and road repair over time, to provide the guidelines for the superintendents of the two departments to use in managing their operations.
5. Agreement that personnel and equipment can be shared on a routine basis as agreed by the two superintendents, first, as they jointly manage snow and ice control operations, and subsequently, as they move towards jointly managing maintenance and road repair operations.
6. Agreement on an equitable way to share costs. The nature of the types of work and associated costs using this integrated approach suggests that there should be several different methods considered for sharing costs.

First, the cost of the village/town barn could remain split by continuing with the current agreement. If there were no village department, the town would, of course, be absorbing all the costs of the facility, but splitting the costs among the two entities as they currently exist has the benefit of the village directly absorbing some overhead costs for its own department.

Second, for services that the village and town agree to manage as an integrated operation over time, starting with snow plowing, the starting point would be for the town to contract with the village to provide snow and ice control for the town – in effect, as a contractor to the town. Delivery of these services would be per standards developed in concurrence with the joint highway committee. If certain services are deemed to be special requirements within the village over and above reasonable baseline community standards, village taxpayers would absorb the additional costs. Otherwise, the town would reimburse the village for the cost of village services delivered to the town, with the town collecting for the costs as part of the town levy¹⁸.

The same logic as for snow plowing could be applied for maintenance and repair of streets to meet the baseline standards developed by the joint committee. The town could develop a different reimbursement formula for the village for maintenance and repair of streets, such as a per mile reimbursement rate. However, application of a flat rate does not reflect variations in complexity and service requirements inherent in road repair and maintenance operations. Therefore, CGR believes the community would be better served by having the joint committee

¹⁸ TOV costs as required by law would continue to be charged as a TOV levy.

review the specific needs as identified by the two highway superintendents and, if desired, exercise committee authorization above a certain cost threshold.

Third, for capital equipment, the joint highway committee should decide what type of equipment to include in an equipment replacement program, and how to fund that equipment, through purchase (which could include the use of debt) or lease. The best method of financing the equipment is best left to the village and town finance officers to recommend (reflecting current market conditions). Sharing the cost of the equipment can be done on a pre-agreed split based upon anticipated usage, or on any other split that is agreed to be equitable. Ownership and title to the equipment would be agreed upon prior to purchase of the equipment, which would be taken into account when the cost-sharing formula is determined.

The town and village may agree to share the costs of any new debt to be incurred as the result of future purchase of capital equipment or facilities covered by the shared services agreement. The law is not precise regarding sharing of current debt obligations incurred for capital equipment. It is possible, for example, that the village could lease certain of its equipment to the town for the town to use. However, it would be more transparent for the village to simply use the revenues that it obtains by acting as a contractor for the town (as noted above) to assist in paying off capital debt.

CGR Recommendation

7. Finally, CGR strongly recommends that the village and town either enter into a separate agreement, or incorporate wording into the joint services master agreement outlined above, to ensure that all cooperative shared services are covered by a written agreement. The need for such an agreement is clearly described in the aforementioned “Promoting Intermunicipal Cooperation for Shared Highway Services”. This document identifies the liability risks facing communities that share services based upon a “handshake” rather than a written agreement.

CGR Recommendation

To conclude, CGR recommends that the village and town pursue a strategy to develop integrated highway/public works operations that acknowledge the town’s desire to create a fair and equitable way to provide for snow and ice control and repair and maintenance of village streets for the benefit of the entire town. The agreement would be based on the following core components:

- Recognition that the town and the village want to integrate their highway and public works operations to the fullest extent possible while still recognizing it is in the best interest of the village to remain a separate and distinct highway department because of the

integration of four separate village operations (highway, water, sewer and electric),

- Agreement that the objective is to have the village and town highway supervisors work together to share staff and equipment as if they were a single department, to the fullest extent possible, under the oversight of a joint highway committee constituting members of both boards,
- Agreement for the town to contract with the village to deliver core snow plowing, street maintenance and repair services, with the cost of those services to be paid by a town appropriation.

Finally, in the previous section on the North Elba Parks District, CGR recommended that capital investment decisions in the village parks should be reviewed and recommended by a joint committee of the two boards. That committee could be modeled after the joint highway committee, or the same joint committee could be authorized to provide that oversight function for the parks. The decision about whether or not to create two committees should be made by the boards based on consideration of reasonable demands on citizen volunteers.

Fiscal Impact

A new shared service agreement as proposed would create the opportunity to achieve both cost reductions and efficiency savings over time, as the two superintendents move toward intentionally integrating their operations as fully as possible while still remaining separate entities. As noted above, it is reasonable to anticipate that 1-3 net positions could be eliminated through attrition as a result of efficiencies in combining the two departments with a total combined staff of 33 (whether the efficiency is in the village or town cannot be determined at this time). Assuming one to two additional position are saved over time (after accounting for the one position already reduced by the village), this would result in approximate savings of \$90,000 - \$100,000/year (using average salary and benefit ranges). Using the formula shown in TABLE 4, this would create a savings to town taxpayers of \$4.50 - \$5.00 per year for a \$100,000 property. Additional cost savings can be expected from standardizing fleet and supplies over time, but it is not possible to clearly identify those savings at this time.

The most significant fiscal impact of the integrated approach outlined above would be a shift in costs from the village to the town. Assuming for example that the town ends up contracting with the village for \$250,000 per year, this would be new revenue coming into the village which would reduce the village tax levy by \$250,000 and increase the town highway general fund levy by \$250,000. Using the formula provided in TABLE 4,

village taxpayers would see a reduction in their village tax bill of \$.475/\$1,000, or \$47.50 per year for a \$100,000 property, but an increase in their town tax bill of \$.125/\$1,000, or \$12.50 for a \$100,000 property. Thus, there would be a net decrease to village taxpayers of \$35.00/year for a \$100,000 property while all town-outside-village taxpayers would see an increase in their town tax bill of \$12.50/year for a \$100,000 property. The size and impact of additional savings and/or shifts will, of course, be determined by the level of additional fiscal responsibility for village street maintenance and repair as recommended by the joint highway committee over time.

Project Component 5 – Water and Sewer Rates

The fifth Program Work Plan project component required an analysis of water and sewer rates and identification of alternatives for equalizing rates within the context of the fiscal impact analysis prepared for the overall study. CGR collected information about the water and sewer systems and rate structures through interviews with village officials, analysis of water and sewer usage and charges, and by developing internal rate and return models to project alternatives. Our findings and proposed potential organizational response to water and sewer rate issues were presented at the public meeting (*see slides 40-46 in the PowerPoint presentation in Appendix B*). What follows is a review of our key findings and options.

Governance Options

To put Lake Placid's water and sewer issues in perspective, it is important to know that water and sewer rates, and how water and sewer resources are managed and controlled, have been a major issue in every one of the eight communities where CGR has conducted shared services studies in the past year. Thus, Lake Placid is struggling with the same issues as communities across the state. In summary, such issues were created by a sequence of events that typically include the following elements:

- Central urban cores, whether villages or cities, developed and paid for road, water and sewer infrastructure over many years. These costs form a major part of the basic cost structure and tax burden within villages and cities,
- Water and sewer lines were extended past village boundaries into towns to support development,
- Village development, and corresponding increase in value of the tax base, is limited by village boundaries. Meanwhile, ongoing development in the surrounding town, often reliant on extensions

of the water and sewer lines from the village system, creates an expanding tax base for the town,

- Village taxes keep going up at faster rates than the town because of new development in the town and limited development in the village,
- Hence, villages see their water and sewer systems as one of the few opportunities to derive revenue from the expanding tax base in the town. As a consequence, villages, as the owners of the water and sewer systems, create rate differentials for inside village versus outside village users, and, where possible, generate excess revenue from the water system to provide a subsidy to the general fund to help mitigate property tax increases.

This cycle of conflict between town water and sewer users and village systems is playing itself out all across New York and not just in Lake Placid. It is one of the fundamental challenges created by New York's outdated system of fragmented governments, whereby artificial village boundaries create a bunker mentality among village officials who are caught in a vice – squeezed by minimal opportunities to grow revenue and constantly increasing costs to provide village services.

To their credit, Lake Placid and North Elba board members recognized the need to address these issues in the January, 2006 Memo of Understanding, and seek to creatively link sharing of community-wide assets with equitable sharing of the costs of government. Thus, the various elements of this report are interconnected. The cost reduction and cost shifting consequences of creating shared services agreements for parks and highways/public works presented in previous sections dovetail with the corresponding efforts described in this section to more fairly distribute costs of the water and sewer systems.

To step back from the systems as they have evolved and take a larger view, clearly, the Lake Placid water and sewer systems represent community assets that benefit all town residents and the larger region. The municipal water and sewer systems are critical drivers of economic development and property values in the area. Property owners, residents and businesses in the town and region that are not directly hooked up to these systems still benefit indirectly from the development that is possible because of the water and sewer systems. Thus, taking the planning and development perspective, the village water and sewer systems should not be governed solely based on historical circumstance, i.e. that they evolved in, and thus should be controlled by, the village. As critical community assets, water and sewer system decisions should be made by the broader community affected by those assets.

Other communities around the state are recognizing this central issue, and are experimenting with different ways to involve the broader community in governance decisions about their water and sewer systems. Perhaps the most radical solution is for villages to sell their water and/or sewer systems to the town. Towns can own and do run water and sewer systems and govern them either directly or through districts. This solution immediately creates a regional (at least town-wide) perspective which, among other things, tends to levelize basic rate structures within the systems.

A more incremental approach is to create a shared services agreement between a village and a town that: a) sets forth the intention to work together to manage a shared asset, and b) sets up a joint village/town oversight committee to recommend how to manage the assets, including setting rate structures. This is the approach that makes the most sense for Lake Placid and North Elba, because it would be least disruptive to current village highway/public works operations. As discussed in the previous section, highway, water and sewer operations in the village are linked inextricably, as personnel, facilities and equipment are shared across the three operations. It would be very difficult, and highly inefficient, to try to separate highway, water and sewer operations into discrete units for the purpose of splitting apart water and/or sewer operations into totally stand-alone departments.

Rate Options

The intention of this work plan component was to assess the impact of different alternatives for equalizing the cost of shared services with a focus on water and sewer rates. However, it is not possible to derive a true “apples-to-apples” comparison of cost and tax shift trade-offs for shared services that involve the entire town or the park district, those areas include far more properties than are affected by shifts in water and sewer rates. Thus, shifting costs between the village and all town taxpayers is not the same as shifting costs between the water and sewer users within the village and those water and sewer rate payers who live outside the village.

To address this problem, CGR chose to consider the impact of aggregate cost shifts between water and sewer rate payers designated as “inside” customers (i.e., those within the village currently paying a lower rate) and those designated as “outside” users (i.e., those in districts outside the village paying a higher rate). This differentiation is valid if one takes the position that shifting costs from “inside” users to “outside” users provides cost relief to at least a subset of property taxpayers in the town. This is the perspective taken by the project oversight committee and used in CGR’s analysis.

There are two other key factors in developing alternative rate scenarios. The first factor is to determine the net costs that have to be recovered through rates applied to customers. This is a function of the core operating cost structure of the system, the anticipated excess revenue (if any) expected to be created¹⁹ and the base of revenues other than those derived from customer sales. The second factor is to assess the variability of the customer base – differences in demand placed on the system by customers and the mix of large and small users.

For purposes of this analysis, CGR used the new customer rates approved by the village in June, 2008 for water (unchanged from 2007) and sewer (increased from 2007) were designed to generate sufficient income to meet the village's needs to cover operating costs and an expected return to the general fund. For purposes of or rate model and to assess the impact of the makeup of the customer base, CGR utilized water and sewer customer quarterly usage information for two years (2006 and 2007).

The results of the customer base review were presented in the PowerPoint shown at the public presentation (*see Appendix B*), but the key points are:

- For water, outside commercial users used 32% of the commercial water used but paid 39% of total charges, and outside residential users represented 49% of the total number of residential customers but paid 59% of total charges²⁰,
- For Sewer, outside commercial users produce 27% of total volume and pay 35% of total charges, and outside residential users represented 41% of the total number of residential customers but paid 50% of total charges.

These numbers are consistent with CGR expectations – both water and sewer rates are higher for outside customers, and thus the rates generate more revenue on a per customer basis.

Given the number of variables that can drive rates, the assessment of possible rate options that make trade-offs between inside versus outside customers is, for all practical purposes, unlimited. CGR developed an

¹⁹ Municipal water system owners typically design rates structures to create some level of excess revenue, which can be returned to the general fund. This is considered to be a “dividend”, or return on investment in the system, similar to expected returns from investment in utilities.

²⁰ The comparison based upon the number of residential customers rather than actual residential usage is reasonably fair, but not as accurate as if comparisons were made by actual usage. However, actual residential usage comparisons between inside and outside customers cannot be made until meters are installed by the end of 2008.

algorithm to project the total cost shifts that occur based upon changing the input variables. For purposes of this report, we are presenting a rate option that meets three criteria identified by the project oversight committee and at the public meeting. The primary criterion was to develop rates that were equalized for both inside and outside users by class (i.e., all residential users should have the same rate). The second criterion was to keep rates stable. The third criterion was suggested at the public meeting – to consider whether or not there should be a special rate for ORDA, since it places the highest demands on the infrastructure of the village.

Before running the algorithm, CGR evaluated the ranking of commercial customers to determine if a high usage rate structure would make sense²¹. Our comparison of the five highest use commercial sewer users showed that ORDA was the highest user by far at 1.89 million gallons. The next users by rank were 1.26 million gallons, .85 million gallons, .84 million gallons, .51 million gallons. Thus, with the exception of the second largest volume user (where ORDA is 50% higher), ORDA generates more than twice the demand of any other commercial user. Thus, CGR ran a projection that assumed the following:

- Keep current water and sewer rates (as of July 2008) for “inside” customers the same. The current approved rates are shown in TABLE 7.

TABLE 7					
Current Rates as of 7/1/08					
		Current Water Rates			
		2000 CU FT	Next 23K	Next 75K	All Other
Commercial	Inside	\$ 28.55	\$ 34.20	\$ 38.80	\$ 43.45
	Outside	\$ 35.90	\$ 43.10	\$ 49.50	\$ 56.00
Residential	Inside	\$ 28.55	\$ -	\$ -	\$ -
	Outside	\$ 35.90	\$ 43.10	\$ -	\$ -
		Current Sewer Rates			
		2000 CU FT	Next 23K	Next 75K	All Other
Commercial	Inside	\$ 54.00	\$ 72.00	\$ 81.00	\$ 85.00
	Outside	\$ 72.00	\$ 96.00	\$108.00	\$ 113.00
Residential	Inside	\$ 54.00	\$ -	\$ -	\$ -
	Outside	\$ 72.00	\$ 72.00	\$ -	\$ -

- New rates would need to produce the same total revenue for water and sewer as projected using the rates in TABLE 7. The resulting new set of rates, shown in TABLE 8, equalize rates within customer classes and create one new rate for the highest volume

²¹ Rankings based on sewer volumes will be similar for water volumes.

customer (ORDA). To generate the same amount of revenues to break even as projected by the 2008 rates, but equalize rates to all customers except ORDA, inside customer rates would have to be increased slightly (5% for water and 1% for sewer). These new rates plus the ORDA high volume rate were derived so that total water and sewer revenues would remain the same as projected under the current rate structure shown in TABLE 7.

TABLE 8					
Proposed Equalized Rates with One High Customer Rate					
		Proposed Equalized Water Rates			
		2000 CU FT	Next 23K	Next 75K	All Other
Commercial	Inside	\$ 29.98	\$ 35.91	\$ 40.74	\$ 45.62
	Outside	\$ 29.98	\$ 35.91	\$ 40.74	\$ 45.62
Residential	Inside	\$ 29.98	\$ -	\$ -	\$ -
	Outside	\$ 29.98	\$ 35.91	\$ -	\$ -
ORDA	Outside	\$ 44.97	\$ 53.87	\$ 61.11	\$ 68.43
		Proposed Equalized Sewer Rates			
		2000 CU FT	Next 23K	Next 75K	All Other
Commercial	Inside	\$ 54.54	\$ 72.72	\$ 81.81	\$ 85.85
	Outside	\$ 54.54	\$ 72.72	\$ 81.81	\$ 85.85
Residential	Inside	\$ 54.54	\$ -	\$ -	\$ -
	Outside	\$ 54.54	\$ 72.72	\$ -	\$ -
ORDA	Outside	\$ 81.81	\$ 81.81	\$ 81.81	\$ 81.81

- The impact of cost shifts under the proposed equalized rates listed in the table above are shown in the next table. TABLE 9 shows that, for the rates proposed in TABLE 8, ORDA's usage rates would increase by 25% for water and 14% for sewer, and would see a total increase in its costs of \$44,000 per year for water and \$56,000 for sewer. This would be offset by an average annual decrease in net water cost for outside residential water customers of \$65 per year and for outside commercial water customers of \$300 per year, and a corresponding average annual decrease in net sewer cost for outside residential sewer customers of \$30 per year and for outside commercial sewer customers of \$1,200 per year. Inside water and sewer customers would see slight increases in their annual costs, as shown in TABLE 9. However, the sum of all these changes would create equal rates for all users within the systems.

TABLE 9			
Total Cost Shifts by Customer Class for Proposed Equalized Rates			
		Per User Cost Shifts - Water	
		% Change	Average Annual \$ Change
Commercial	Inside	5%	\$ 80
	Outside	-16%	\$ (300)
Residential	Inside	5%	\$ 10
	Outside	-16%	\$ (65)
ORDA	Outside	25%	\$ 44,000
		Per User Cost Shifts - Sewer	
		% Change	Average Annual \$ Change
Commercial	Inside	1%	\$ 30.0
	Outside	-24%	\$ (1,200)
Residential	Inside	1%	\$ 4
	Outside	-24%	\$ (30)
ORDA	Outside	14%	\$ 56,000

Fiscal Impact

To summarize, TABLES 8 and 9 illustrate an example of options available to the village to equalize rates for all customers except for the largest commercial customer. Designing the rates to provide break-even revenues as noted above, based on the number of customers by each class, inside water user costs are projected to increase by \$38,000 in aggregate, inside sewer customer costs are projected to increase by \$14,000, and ORDA's water costs are projected to increase by \$44,000 and its sewer costs are projected to increase by \$56,000. This would offset a corresponding \$152,000 savings (cumulative of water and sewer) to outside water and sewer customers. As noted above, although saving outside water and sewer customers \$152,000 is not the same as saving all town taxpayers outside the village \$152,000, at least a portion of the TOV taxpayers would receive an offset to any cost shifts that occur as a result of the type of shared services arrangements described in previous sections.

A reasonable approximation of the equivalency of trading water and sewer savings for property tax increase can be made by comparing the taxable assessed value of the village to total assessed value of the town outside village (excluding that portion of the Village of Saranac Lake that is in the town). Using the 2006 figures shown earlier in GRAPH 1, the Village of Lake Placid represented 30% of the total taxable assessed value in the town. In other words, the taxable assessed value in the TOV represented 70% of the total taxable assessed value in the town. This implies that for each \$100,000 in costs shifted from village taxpayers to town taxpayers, town taxpayers inside the village would pay for 30%, or \$30,000 of the cost shift, and TOV taxpayers would pay for \$70,000 of the cost shift.

Applying that same logic, a savings of \$152,000 in water and sewer rates to outside rate payers would offset a property tax cost shift from village taxpayers alone to all town taxpayers of approximately \$217,000.

Given this formula for calculating the impact of cost shifts and a rate change algorithm like that used by CGR, the village and town can determine what types of adjustments to water and sewer rates would make sense to include in a discussion about the full spectrum of shared services presented in this report. Clearly, there are many potential alternative scenarios that could be considered. For instance, CGR's example was based on assuming that current rates would be used as the baseline. However, current rates could be raised and equalized to generate enough revenue to offset the need to create a separate rate for ORDA.

CGR estimates that each 1% increase in water rates will produce \$10,000 of additional revenues and each .5% increase in sewer rates will produce \$10,000 of additional revenues, assuming the equalized rates for inside and outside customers developed in TABLE 8. Thus, we project that \$50,000 of surplus water revenue could be generated for the village by raising rates 5%. This \$50,000 could be used to provide the contribution to the general fund, or could be used to reduce or eliminate the higher rate proposed for ORDA. To conclude, there are many different ways to develop rates to meet the broader public policy objectives that the boards wish to accomplish.

Project Component 6 – Aligning Fiscal Years

The sixth Program Work Plan project component requested a review of options for aligning the village and town, and an assessment of the possibilities for a central purchasing office.

Since the village is not an independent assessing unit as defined in section 1402 of the real property law, the village trustees may, per section 5-510 of village law “by resolution, adopt a fiscal year to coincide with the fiscal year of the town or towns or county within which the village is located. If the board of trustees shall adopt such a fiscal year, all of the provisions of this article and of the real property tax law fixing times or dates within which or by which certain acts shall be performed in relation to the preparation of the budget and the levy and collection of taxes and special assessments shall be correspondingly changed so that the collection of taxes shall commence on the first day of the fiscal year.”

The principal challenge in implementing a change in fiscal year will be to decide whether to make the transition by adopting a one-time budget that is shorter than 12 months (to align with the upcoming town fiscal year) to longer than 12 months (to align with the subsequent year's town fiscal

year). This decision should include the perspective of the village's fiscal officer, external auditors and bond counsel. While there is no "right" answer for determining a "catch-up" fiscal year to make the initial alignment, adopting a short year budget is generally considered to be more practical for making a smooth transition.

CGR's assessment of the benefit of creating a central purchasing office is that there is no compelling reason to do so given the current size of the central administrative operations in the village and the town. By far the largest volume of purchases in terms of both volume and dollars spent is generated by the village highway, water, sewer and electric department operations. The benefits of improving purchasing practices in the highway, water and sewer operations were discussed in a previous section. Central administrative review and processing of village and town purchase orders requires time by the finance staff of both the village and town. Both governments use the same finance software, so in theory staff could work in either system. However, the chart of accounts are not completely compatible, and perhaps more important, both the village and town need to keep and maintain completely separate financial reporting and systems to avoid any possibility of co-mingling accounts or funds. In short, our opinion is that the benefits of central administrative purchasing need to be discussed within a larger review of the potential for consolidated administrative services, which will be addressed in Section 2.

SECTION 2 – OTHER CONSIDERATIONS

Background

CGR heard from community leaders we interviewed and from the public at the public meeting that there is an expectation this report would review a range of options, up to and including full consolidation of the village and town, in order to address what many believe is severe fiscal stress facing village taxpayers. Actually, the work plan components approved by the state for this project focused on the specific set of questions that were covered in Section 1 of this report. A broad reading of the outline of the work plan, however, suggests that a discussion of larger issues is consistent with the intent of the study. CGR's experience in undertaking shared services/consolidation SMSI studies in eight communities across the state provides a background for offering additional opportunities that the village and town might wish to pursue.

One approach for identifying opportunities to reduce costs and improve efficiencies is to understand what services are provided within a community where there is potential duplication and/or overlap of services.

Another approach that is used, particularly to identify opportunities to reduce costs, is to focus on the highest cost services as a way to determine if there are other options for providing these services.

TABLE 1 and TABLE 2, presented in Section 1, provide a simple but effective way to identify opportunities using both approaches. In our view, these tables suggest three major areas that are worth additional study and consideration. They are: a) courts; b) police; and c) total consolidation. Below is CGR's summary of key issues in each of these areas that the greater community may wish to pursue in more detail.

Courts

TABLES 1 and 2 show there are two separate courts within the community – the village court and the town court, each with associated costs. Each has a fulltime employee engaged in running the courts, and each has two part-time judges. While the village and town have achieved space efficiencies because their courts are located in the same building, they could achieve much greater efficiencies by consolidating the two courts into one town court

Clearly, consolidating village and town courts is a trend across the state. Since 2001, there have been 18 village and town court consolidations. The New York Office of the State Comptroller has published a brief monograph describing the court consolidation process and the benefits that can be achieved²².

In the PowerPoint for the public presentation, CGR provided a significant amount of background information about both the village and town courts, the volume of their workload and the revenues generated from each court (*see slides 30-38 in the PowerPoint in Appendix B*). To summarize the key points from those slides:

- Revenues from both the village and town courts exceed the costs of running the courts, so both courts are revenue generators,
- The village court processed approximately 57% of the total number of cases started in the village/town courts over a recent three-year period,
- All traffic ticket and village ordinance violation revenues the village currently receives from its court would continue to flow to the village from a consolidated town court, as well as a portion of

²² “Justice Court Consolidation in Villages and Towns”,
<http://www.osc.state.ny.us/localgov/costsavings/justicecourtbrochure.htm>

vehicle and traffic (V&T) violations (depending how the tickets are written), while at the same time the village would be able to eliminate all court costs from its budget.

The current total court costs for the village, including employee benefits, are estimated at approximately \$80,000 per year. Per OSC figures, the village kept approximately \$155,000 in revenues generated by its court. Thus, the court generated net income to the village of approximately \$75,000. Consolidating the courts would likely reduce that figure to the range of \$30,000 - \$40,000 (because the town court would keep V&T fines) for the village, with a corresponding increase to the town. However, what this doesn't take into account are other potential efficiencies that would result from consolidating the courts. These are:

- It is quite likely that the number of justices can be reduced from four to three, resulting in a direct cost savings of approximately \$8,000 plus approved benefits. As noted in the PowerPoint slides, the total case load handled by the village and town courts could be handled by fewer judges based on comparisons with similar jurisdictions. Further, it may be possible to achieve efficiencies in the amount of work required by the court clerks which could yield additional personnel cost reductions over time.
- Having a single town court system, rather than two courts with different hearing nights, etc., clearly is more efficient from the point of view of the community/clients.

To conclude, the village and town could consolidate their courts. The referenced OSC publication identifies the steps required to accomplish this change, including time frames for currently sitting justices to complete their terms. Consolidating the courts would produce direct cost savings to the village, continue to produce net revenues for the village, and generate the efficiencies inherent in moving from two court operations in the community to one.

Police

TABLE 1 shows that excluding the water, sewer and electric departments, in 2007 the police department was the highest cost department in the village at approximately \$988,000. As noted in the description of TABLE 1, the table doesn't reflect actual total costs, because OSC figures do not include employee benefits. Using adopted 2008 village budget figures, CGR estimates that with employee benefits the cost of the police department (excluding traffic control and the dog warden components of the police budget) is approximately \$1.4 million. *(For additional information see the PowerPoint in Appendix B, slides 51 and 52.)*

The Lake Placid Police Department (LPPD) is clearly a high visibility community resource, and one that plays a critical role in maintaining the quality of life in the greater community. While the Lake Placid police only have routine jurisdiction within the village boundaries, they often go into the town to provide either emergency first-in or back-up coverage to the other law enforcement agencies that have jurisdiction in the town – the county sheriff and the state police. Thus, the benefits of having the LPPD clearly extend beyond the boundaries of the village, both directly and indirectly.

The LPPD is a regional asset – it is one of only three local government police departments in the county (the next closest being Saranac Lake, and the other being Ticonderoga). The county sheriff is theoretically responsible for providing coverage in the town, but the sheriff does not have the resources to effectively meet the needs of the town and surrounding area. Thus, the primary police coverage in the town-outside-village is provided by Zone 3, Troop B of the State Police. Per the zone commander, the state police respond to approximately 800 calls for service in the Town of North Elba per year, or approximately two calls per day on average. By contrast, the LPPD receives approximately 7,000 calls for service per year²³, with approximately 5% to 10% from outside the village boundaries²⁴. Thus, the LPPD provides roughly half to almost as much direct service to the town outside the village as the State Police.

However, despite being a regional asset, the entire cost of the LPPD is covered by village taxpayers.

There are two options that could be considered to address how the costs of the LPPD could be supported by the town. The first option would be for the town to assist the village with the cost of other services using the shared services approach for areas described in Section 1. The second option would be for the village to dissolve its police department and for the department to become a town police department. This is what happened, for example, in Ticonderoga. Turning village police departments into town police departments has been occurring across the state periodically for many years, and interest in this approach has increased dramatically in the past few years in response to the problems of high property taxes.

It was beyond the scope of this project to conduct the type of staffing study that would be needed to determine the impact of moving from a village to a town police force. It is possible that the current force would

²³ Per figures supplied by the Lake Placid dispatch office.

²⁴ Per the Chief of Police estimates.

need to be increased by several officers, to provide coverage to the entire town area. However, an analysis of total police resources within the town, including State Police and some cooperative arrangement with the Saranac Village Police Department, might conclude that few if any extra positions would be needed and that re-deploying existing resources might provide effective, responsive coverage.

While the cost and tax impact of such a change would depend on the outcome of a staffing study, it is possible to project the tax impact of shifting current LPPD costs from the village-only basis to a town-wide service, using the formula shown in TABLE 4. Using \$1.4 million as the total cost of the department that would be transferred from the village to the town as a reasonable round number, village taxes for a \$100,000 property would decrease \$263/year and town taxes would increase by \$73 per year²⁵.

CGR Recommendation

To conclude, in order to have a dramatic impact on village taxes, the village and town should explore options for addressing the cost of the Lake Placid Police Department.

Full Consolidation

During this project, CGR was asked by several people we interviewed, and by some members of the public at the public meeting, whether or not this study would be looking at dissolution of the village and full consolidation with the town. As noted above, the project as funded by the SMSI grant was specifically designed to focus on shared services opportunities related to the January 2006 Memo of Understanding. This did not include the expectation that our project would address dissolution and consolidation issues. However, to help inform the discussion, CGR can offer the following insights.

First, it is clear to us that the village and town are much farther down the path of achieving efficiencies and cost savings through the shared services approach than other municipalities across the state. This is especially true when considering the park district and fire protection, both of which use taxable assessed valuation as the basis for sharing high cost services within the greater community.

This history of cooperation indicates that the incremental approach to service integration has been successful so far, and that continuing that same approach is a reasonable way for the two communities to achieve total consolidation at some point in the future without having to go

²⁵ Note: For a village taxpayer, the net savings would be \$263 lower village taxes but increased town taxes of \$73, for a net decrease of \$190/year per \$100,000 property value.

through the disruptive process inherent in a village dissolution. Certainly, a village dissolution vote could potentially accelerate full consolidation of the village and the town. However, as noted previously, the village has already had two dissolution votes fail. The strategy of consolidating services on a function-by-function basis has clearly been more successful.

Second, the fiscal and tax implications of a potential dissolution will require a detailed analysis which is usually done as part of a dissolution plan. For example, the analysis would take into account state dissolution incentive funding (increases in Aid and Incentives to Municipalities – AIM), potential losses in revenues from a village dissolution, and cost shifts between village and town outside village taxpayers.

Finally, village law Article 19 requires a well defined process for dissolution. Under current law, if the dissolution process is initiated, a dissolution committee would be charged with developing a comprehensive dissolution plan. To fully address the service, cost and tax impacts of a potential dissolution, the committee would develop a higher level of detail than required for this project. In short, Article 19 was written to define a clear and deliberate process for ensuring that all the issues surrounding dissolution are discussed and presented to the public before any vote.

Conclusion

This report presents many different options for addressing costs and equity issues for providing municipal services to the residents and businesses and tens of thousands of visitors to the Lake Placid area. The decisions about how to move forward with one or more of these options rest with the citizens of the village and town. It is important that the needs and interests of the community are reflected in the actions of the elected leaders of the community. As this report suggests, there are significant opportunities to improve what is already a vibrant, world-class community.

APPENDIX A

Detailed Two-Year Expense Comparisons for the Village and Town

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
General Government Support				General Government Support			
A1010	Legislative Board			A1010	Legislative Board		
A10101	Legislative Board, Pers Serv	\$5,263	\$5,460	A10101	Legislative Board, Pers Serv	\$26,400	\$26,400
A10104	Legislative Board, Contr Expend	\$3,786	\$4,353	A10104	Legislative Board, Contr Expend	\$2,711	
A1110	Municipal Court			A1110	Municipal Court		
A11101	Municipal Court, Pers Serv	\$46,929	\$53,280	A11101	Municipal Court, Pers Serv	\$29,027	\$40,712
A11104	Municipal Court, Contr Expend	\$5,086	\$6,119	A11102	Municipal Court, Equip & Cap Outlay	\$276	\$153
				A11104	Municipal Court, Contr Expend	\$4,661	\$2,907
A1210	Mayor						
A12101	Mayor, Pers Serv	\$1,792	\$1,700				
A12104	Mayor, Contr Expend	\$5,491	\$7,876				
				A1220	Supervisor		
				A12201	Supervisor,pers Serv	\$31,023	\$33,164
				A12202	Supervisor,equip & Cap Outlay		\$117
				A12204	Supervisor,contr Expend	\$5,008	\$3,207
				A1310	Director of Finance		
				A13101	Dir of Finance, Pers Serv	\$63,815	\$64,187
				A13102	Dir of Finance, Equip & Cap Outlay	\$11,255	\$10,045
A1320	Auditor			A13104	Dir of Finance, Contr Expend	\$6,944	\$7,652
A13201	Auditor, Pers Serv	\$9,282	\$8,954				
A1325	Treasurer						
A13251	Treasurer, Pers Serv	\$24,572	\$25,630				
A13254	Treasurer, Contr Expend	\$19,871	\$32,707				
				A1355	Assessment		
				A13551	Assessment, Pers Serv	\$52,106	\$61,738
				A13552	Assessment, Equip & Cap Outlay	\$5,362	\$5,032
				A13554	Assessment, Contr Expend	\$30,781	\$25,363
				A1410	Clerk		
				A14101	Clerk,pers Serv	\$63,086	\$68,122
				A14102	Clerk,equip & Cap Outlay	\$2,045	\$1,420
				A14104	Clerk,contr Expend	\$3,983	\$7,272
A1420	Law			A1420	Law		
A14201	Law, Pers Serv	\$7,813	\$10,000	A14201	Law, Pers Serv	\$38,246	\$39,814
A14204	Law, Contr Expend	\$50,093	\$40,545	A14204	Law, Contr Expend	\$73,388	\$20,017
				B1420	Law		
				B14204	Law, Contr Expend	\$81,298	\$19,550
				A1430	Personnel		
				A14301	Personnel, Pers Serv		\$32,416
				A14302	Personnel,equip & Cap Outlay		\$2,195
				A14304	Personnel, Contr Expend	\$10,377	\$10,190
A1450	Elections			A1450	Elections		
A14501	Elections, Pers Serv	\$400	\$500				
A14504	Elections, Contr Expend	\$121	\$283	A14504	Elections, Contr Expend		

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
				A1610	Central Services Administration		
				A16104	Central Services Admin,contr Expend	\$1,836	\$30,373
A1620	Buildings			A1620	Buildings		
				A16201	Buildings, Pers Serv	\$70,126	\$66,710
				A16202	Buildings, Equip & Cap Outlay		\$631
A16204	Buildings, Contr Expend	\$17,405	\$18,699	A16204	Buildings, Contr Expend	\$129,326	\$148,537
A1640	Central Garage						
A16401	Central Garage, Pers Serv	\$64,161	\$84,333				
A16404	Central Garage, Contr Expend	\$87,908	\$111,549				
A1910	Unallocated Insurance			A1910	Unallocated Insurance		
A19104	Unallocated Insurance, Contr Expend	\$106,106	\$86,423	A19104	Unallocated Insurance, Contr Expend	\$94,518	\$97,138
FX1910	Unallocated Insurance						
FX19104	Unallocated Insurance, Contr Expend	\$29,245	\$21,770				
G1910	Unallocated Insurance						
G19104	Unallocated Insurance, Contr Expend	\$23,550	\$21,770				
A1920	Municipal Association Dues			A1920	Municipal Association Dues		
A19204	Municipal Assn Dues, Contr Expend	\$1,881	\$1,751	A19204	Municipal Assn Dues, Contr Expend	\$1,800	\$1,800
				A1930	Judgements And Claims		
A1950	Taxes & Assessments on Municipal Property			A19304	Judgements And Claims, Contr Expend	\$11,434	\$51,168
A19504	Taxes & Assess On Munic Prop, Contr Expend	\$2,059	\$2,231				
A19864	Prov For Receivers Oper, Contr Expend		\$29	A1989	Other General Government Support		
FX1989	Other General Government Support			A19894	Other Gen Govt Support, Contr Expend		\$8,000
FX19894	Other Gen Govt Support, Contr Expend	\$23,605	\$8,702				
G1989	Other General Government Support						
G19894	Other Gen Govt Support, Contr Expend	\$7,849					
Public Safety				Public Safety			
A3120	Police			A3120	Police		
A31201	Police, Pers Serv	\$758,442	\$792,864				
A31202	Police, Equip & Cap Outlay	\$12,405	\$14,301				
A31204	Police, Contr Expend	\$159,477	\$180,987	A31204	Police, Contr Expend	\$4,878	\$5,149
A3310	Traffic Control			A3310	Traffic Control		
A33101	Traffic Control, Pers Serv	\$46,503	\$2,029				
A33104	Traffic Control, Contr Expen	\$531	\$20,688	A33104	Traffic Control, Contr Expen	\$36,278	\$38,578
A3320	On-Street Parking						
A33201	On-Street Parking, Pers Serv	\$19,989	-\$568				
A33202	On-Street Parking, Equipment & Cap Outlay	\$2,322	\$1,644				
A33204	On-Street Parking, Contr Expend	\$8,363	\$5,665				
A3410	Fire			SF3410	Fire		
A34101	Fire, Pers Serv	\$200,001	\$225,768				
A34102	Fire, Equip & Cap Outlay	\$34,287	\$17,045				
A34104	Fire, Contr Expend	\$270,947	\$266,585	SF34104	Fire Protection, Contr Expend	\$462,902	\$526,907
A3510	Control of Animals			A3510	Control of Animals		
A35101	Control of Animals, Pers Serv	\$28,046	\$30,686				

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
A35104	Control of Animals, Contr Expend	\$2,131	\$2,077	A35104	Control of Animals, Contr Expend	\$23,880	\$25,741
A3620	Safety Inspection			B3620	Safety Inspection		
A36201	Safety Inspection, Pers Serv	\$60,385	\$148,225	B36201	Safety Inspection, Pers Serv		\$3,868
A36204	Safety Inspection, Contr Expend	\$1,011	\$8,534				
Health				Health			
A4020	Vital Statistics						
A40201	Registrar of Vital Statistics, Pers Serv	\$9	\$5				
				A4068	Insect Control		
				A40681	Insect Control, Pers Serv	\$55,157	\$68,556
				A40682	Insect Control, Equip&cap Outlay	\$414	\$615
				A40684	Insect Control, Contr Expend	\$6,857	\$7,104
				A4540	Ambulance		
				A45404	Ambulance, Contr Expend	\$4,500	
Transportation				Transportation			
A5010	Street Administration			A5010	Street Administration		
A50101	Street Admin, Pers Serv	\$64,562	\$59,770	A50101	Street Admin, Pers Serv	\$40,315	\$43,098
				A50104	Street Admin, Contr Expend	\$1,265	\$170
A5110	Maintenance of Streets			DB5110	Maintenance of Streets		
A51101	Maint of Streets, Pers Serv	\$97,874	\$104,237	DB51101	Maint of Streets, Pers Serv	\$71,487	\$70,802
A51104	Maint of Streets, Contr Expend	\$166,829	\$92,221	DB51104	Maint of Streets, Contr Expend	\$18,329	\$14,699
				DB5112	Improvements		
				DB51121	Improvements, Pers Serv	\$23,664	\$22,898
				DB51122	Perm Improve Highway, Equip & Cap Outlay		\$192,511
				DB51124	Perm Improve Highway, Contr Expend	\$303,394	\$260,882
				DA5120	Maintenance of Bridges		
				DA51204	Maint of Bridges, Contr Expend	\$19,170	
				DA5130	Machinery		
				DA51301	Machinery, Pers Serv	\$25,002	\$11,986
				DA51302	Machinery, Equip & Cap Outlay	\$146,250	\$39,468
				DA51304	Machinery, Contr Expend	\$80,775	\$95,611
				A5132	Garage		
				A51321	Garage, Pers Serv	\$22,714	\$23,569
				A51322	Garage, Equip & Cap Outlay	\$1,483	\$4,116
				A51324	Garage, Contr Expend	\$265,816	\$303,806
A5142	Snow Removal			DA5142	Snow Removal		
A51421	Snow Removal, Pers Serv	\$190,580	\$209,524	DA51421	Snow Removal, Pers Serv	\$81,012	\$111,535
A51422	Snow Removal, Equip & Cap Outlay	\$5,202	\$2,595				
A51424	Snow Removal, Contr Expend	\$198,046	\$123,349	DA51424	Snow Removal, Contr Expend	\$41,869	\$45,300
				DA5148	Services for Other Governments		
				DA51481	Services Other Govts, Pers Serv	\$33,042	\$43,840
				DA51484	Services Other Govts, Contr Expend	\$41,034	\$34,299
				A5182	Street Lighting		
				A51824	Street Lighting, Contr Expend	\$34,236	\$41,176

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
A5410	Sidewalks						
A54101	Sidewalks, Pers Serv	\$67,062	\$70,828				
A54104	Sidewalks, Contr Expend	\$46,578	\$37,382				
				A5615	Joint Airport		
				A56154	Joint Airport, Contr Expend	\$10,500	\$2,500
A5630	Bus Operations						
A56301	Bus Operations, Pers Serv	\$40,447	\$57,468				
A56304	Bus Operations, Contr Expend	\$28,779	\$22,409				

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
A5650	Off Street Parking						
A56501	Off-Street Parking, Pers Serv	\$28,583	\$21,575				
A56504	Off-Street Parking, Contr Expend	\$28,271	\$19,788				
				SM5680	Other Transportation		
				SM56804	Other Transportation, Contr Expend		\$26,679
Economic Assistance and Opportunity				Economic Assistance and Opportunity			
				A6310	Community Action		
				A63104	Community Action, Contr Expend	\$250	\$250
A6410	Publicity			A6410	Publicity		
A64104	Publicity, Contr Expend	\$18,164	\$7,660	A64104	Publicity, Contr Expend		
				A6510	Veterans Service		
				A65104	Veterans Service, Contr Expend	\$1,000	\$895
				A6772	Programs for the Aging		
				A67721	Programs For Aging, Pers Serv	\$20,796	\$23,715
				A67724	Programs For Aging, Contr Expend	\$3,779	\$5,914
				A6989	Other Economic Opportunity and Development		
				A69894	Other Eco & Dev, Contr Expend	\$15,300	\$15,800
Culture and Recreation				Culture and Recreation			
				SP7110	Parks		
				SP71101	Parks, Pers Serv	\$431,136	\$403,519
				SP71102	Parks, Equip & Cap Outlay	\$17,857	\$34,164
				SP71104	Parks, Contr Expend	\$1,191,066	\$1,278,082
A7140	Playgrounds and Recreational Centers						
A71404	Playgr & Rec Centers, Contr Expend	\$52,704	\$35,138				
				A7270	Band Concerts		
				A72704	Band Concerts, Contr Expend	\$1,000	
				A7510	Historian		
				A75104	Historian, Contr Expend	\$3,951	\$3,675
A7610	Programs for the Aging						
A76101	Programs For Aging, Pers Serv	\$1,000	\$1,000				
A76104	Programs For Aging, Contr Expend	\$2,175	\$1,700				
Home and Community Service				Home and Community Service			
				B80101	Zoning, Pers Serv	\$74,216	\$107,885
				B80102	Zoning, Equip & Cap Outlay	\$2,752	\$26,458
				B80104	Zoning, Contr Expend	\$5,460	\$8,408
A8020	Planning			B8020	Planning		
A80201	Planning, Pers Serv	\$10,345	\$41,195	B80201	Planning, Pers Serv	\$4,261	\$4,182
A80204	Planning, Contr Expend	\$25,639	\$49,510	B80204	Planning, Contr Expend	\$25,407	\$3,135
G8110	Sewer Administration			SS8110	Sewer Administration		
G81101	Sewer Administration, Pers Serv	\$80,567	\$63,063	SS81104	Sewer Administration, Contr Expend	\$8,350	\$460
G81104	Sewer Administration, Contr Expend	\$20,495	\$74,374				
G8120	Sanitary Sewers						
G81201	Sanitary Sewers, Pers Serv	\$114,998	\$186,803				
G81202	Sanitary Sewers, Equip & Cap Outlay	\$122,879	\$7,962				
G81204	Sanitary Sewers, Contr Expend	\$62,162	\$95,162				

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
G8130	Sewage Treatments						
G81301	Sewage Treat Disp, Pers Serv	\$184,109	\$205,382				
G81302	Sewage Treat Disp, Equip & Cap Outlay	\$28,560	\$7,020				
G81304	Sewage Treat Disp, Contr Expend	\$290,620	\$290,501				

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
A8140	Storm Sewers						
A81401	Storm Sewers, Pers Serv	\$8,087	\$9,063				
A81402	Storm Sewers, Equip & Cap Outlay	\$906	\$6,128				
A81404	Storm Sewers, Contr Expend	\$4,769	\$4,220	A8160	Refuse and Garbage		
				A81601	Refuse & Garbage, Pers Serv	\$151,535	\$164,081
				A81602	Refuse & Garbage, Equip & Cap Outlay	\$35,608	\$28,021
				A81604	Refuse & Garbage, Contr Expend	\$287,939	\$293,340
A8170	Street Cleaning						
A81701	Street Cleaning, Pers Serv	\$15,400	\$18,966				
A81702	Street Cleaning, Equip & Cap Outlay	\$12,202	\$8,057				
A81704	Street Cleaning, Contr Expend	\$15,856	\$11,172	SW8310	Water Administration		
FX8310	Water Administration						
FX83101	Water Administration, Pers Serv	\$98,045	\$66,240	SW83104	Water Administration, Contr Expend	\$15,585	\$16,356
FX83104	Water Administration, Contr Expend	\$30,793	\$85,673	SW8320	Water, Source Supply PWR & Pump		
FX8320	Water, Source Supply PWR & Pump						
FX83201	Source Supply Pwr & Pump, Pers Serv	\$41,102	\$48,565	SW83204	Source Supply Pwr & Pump, Contr Expend	\$14,443	\$11,407
FX83204	Source Supply Pwr & Pump, Contr Expend	\$108,037	\$105,727				
FX8330	Water Purification						
FX83301	Water Purification, Pers Serv	\$113,043	\$85,938				
FX83304	Water Purification, Contr Expend	\$66,333	\$45,123	SW8340	Water Transmission and Distribution		
FX8340	Water Transmission and Distribution						
FX83401	Water Trans & Distrib, Pers Serv	\$113,170	\$92,712				
FX83402	Water Trans & Distrib, Equip & Cap Outlay	\$49,350	\$16,381	SW83404	Water Trans & Distrib, Contr Expend	\$476	
FX83404	Water Trans & Distrib, Contr Expend	\$70,017	\$83,846	SW8389	Other Water		
				SW83894	Other Water, Contr Expend	\$135	
CD8610	Community Development - Rent Subsidy						
CD86104	Rent Subsidy, Contr Expend	\$141,278	\$450,000	CD8668	Rehabilitation Loans and Grants		
				CD86684	Rehab Loans & Grant, Contr Expend	\$155,640	\$246,399
CD8686	Community Development - Administration						
CD86861	Administration, Pers Serv	\$8,731					
CD86864	Administration, Contr Expend	\$3,829	\$131,581				
CD86868	Administration, Empl Bnfts	\$641	\$789	A8810	Cemetery		
				A88101	Cemetery, Pers Serv	\$31,359	\$30,445
				A88102	Cemetery, Equip & Cap Outlay	\$1,322	
				A88104	Cemetery, Contr Expend	\$2,103	\$931
				SS8989	Miscellaneous Home and Community Service		
				SS89894	Misc Home & Comm Serv, Contr Expend	\$69	

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
Employee Benefits				Employee Benefits			
A90108	State Retirement System	\$261,232	\$324,256	A90108	State Retirement System	\$65,615	\$55,092
A90308	Social Security, Employer Cont	\$122,712	\$141,275	A90308	Social Security, Employer Cont	\$51,431	\$58,474
A90408	Worker's Compensation, Empl Bnfts	\$72,000	\$95,791	A90408	Worker's Compensation, Empl Bnfts	\$52,728	\$28,537
A90608	Hospital & Medical (dental) Ins, Empl Bnft	\$573,478	\$546,922	A90508	Unemployment Insurance, Empl Bnfts	\$13,815	\$18,135
				A90558	Disability Insurance, Empl Bnfts	\$1,196	\$155
				A90608	Hospital & Medical (dental) Ins, Empl Bnft	\$207,366	\$220,378
				A90898	Other Employee Benefits (spec)		\$445
FX90108	State Retirement, Empl Bnfts	\$34,050	\$40,314				
				B90108	State Retirement, Empl Bnfts	\$8,499	\$7,581
				B90308	Social Security , Empl Bnfts	\$5,901	\$8,742
				B90408	Worker's Compensation, Empl Bnfts	\$5,958	\$4,860
				B90608	Hospital & Medical (dental) Ins, Empl Bnft	\$30,156	\$31,682
				DA90108	State Retirement, Empl Bnfts	\$3,228	\$13,240
				DA90308	Social Security , Empl Bnfts	\$10,761	\$12,471
				DA90408	Worker's Compensation, Empl Bnfts	\$11,964	\$5,848
				DA90608	Hospital & Medical (dental) Ins, Empl Bnft	\$37,469	\$38,182
				DA90898	Other Employee Benefits (spec)	\$1,136	\$57
FX90308	Social Security, Empl Bnfts	\$23,887	\$20,677				
FX90408	Workers Compensation, Empl Bnfts	\$27,000	\$19,237				
FX90608	Hospital & Medical (dental) Ins, Empl Bnft	\$160,954	\$78,778				
G90108	State Retirement, Empl Bnfts	\$15,500	\$18,716				
G90308	Social Security , Empl Bnfts	\$25,201	\$32,772				
G90408	Worker's Compensation, Empl Bnfts	\$27,000	\$28,139				
G90608	Hospital & Medical (dental) Ins, Empl Bnft	\$54,094	\$59,133				
				DB90108	State Retirement, Empl Bnfts	\$19,611	\$9,499
				DB90308	Social Security, Empl Bnfts	\$6,986	\$7,005
				DB90408	Worker's Compensation, Empl Bnfts	\$6,688	\$3,391
				DB90608	Hospital & Medical (dental) Ins, Empl Bnft	\$13,221	\$19,850
				SP90108	State Retirement, Empl Bnfts	\$36,283	\$29,641
				SP90308	Social Security, Empl Bnfts	\$32,190	\$30,467
				SP90408	Worker's Compensation, Empl Bnfts	\$31,484	\$15,977
				SP90508	Unemployment Insurance, Empl Bnfts		\$2,885
				SP90608	Hospital & Medical (dental) Ins, Empl Bnft	\$77,906	\$78,719
Debt Service				Debt Service			
A97106	Debt Principal, Serial Bonds	\$108,574	\$85,763	A97106	Debt Principal, Serial Bonds	\$184,975	\$138,000
A97107	Debt Interest, Serial Bonds	\$29,009	\$20,646	A97107	Debt Interest, Serial Bonds	\$48,365	\$38,999
A97306	Debt Principal, Bond Anticipation Notes	\$333,780	\$311,180	A97306	Debt Principal, Bond Anticipation Notes	\$147,500	\$147,500
A97307	Debt Interest, Bond Anticipation Notes	\$30,733	\$67,405	A97307	Debt Interest, Bond Anticipation Notes	\$8,183	\$5,498
				B97107	Debt Interest, Serial Bonds	\$48,365	\$2,175

Expenses for Fiscal Years 2006 & 2007

Source: Office of State Comptroller (OSC) Detailed Database, 2006 & 2007

Village of Lake Placid				Town of North Elba			
		2006	2007			2006	2007
				DA97306	Debt Principal, Bond Anticipation Notes	\$177,333	\$176,015
				DA97307	Debt Interest, Bond Anticipation Notes	\$11,266	\$9,491
				DA97856	Debt Principal, Install Purch. Debt	\$8,826	\$8,826
				DA97857	Debt Interest, Install. Purch Debt	\$1,201	\$1,201
				SP97106	Debt Principal, Serial Bonds	\$35,000	\$40,000
				SP97107	Debt Interest, Serial Bonds	\$4,388	\$2,700
				SP97306	Debt Principal, Bond Anticipation Notes	\$52,500	\$52,500
				SP97307	Debt Interest, Bond Anticipation Notes	\$2,888	\$2,100
FX97106	Debt Principal, Serial Bonds	\$288,000	\$310,061	SS97106	Debt Principal, Serial Bonds	\$27,350	\$31,400
FX97107	Debt Interest, Serial Bonds	\$67,003	\$60,126	SS97107	Debt Interest, Serial Bonds	\$13,199	\$11,855
FX97306	Debt Principal, Bond Anticipation Notes	\$75,200	\$75,200	SW97106	Debt Principal, Serial Bonds	\$17,979	\$17,979
FX97307	Debt Interest, Bond Anticipation Notes	\$29,843	\$46,822	SW97107	Debt Interest, Serial Bonds	\$4,760	\$7,089
				SW97207	Debt Interest, Installment Bonds		
G97106	Debt Principal, Serial Bonds	\$396,125	\$387,000	SW97306	Debt Principal, Bond Anticipation Notes		\$77,154
G97107	Debt Interest, Serial Bonds	\$216,627	\$234,756	SW97307	Debt Interest, Bond Anticipation Notes		
G97306	Debt Principal, Bond Anticipation Notes	\$61,400	\$61,400				
G97307	Debt Interest, Bond Anticipation Notes	\$28,778	\$51,813	A97957	Interfund Loans		\$1
				B97957	Interfund Loans	\$1	\$0
				SP97957	Interfund Loans	\$148	\$227
				SS97957	Interfund Loans	\$118	\$286
				SW97957	Interfund Loans	\$44	
				SF97957	Interfund Loans	\$96	
				A99509	Transfers, Capital Projects Fund	\$30,654	
				B99509	Transfers, Capital Projects Fund	\$19,346	
				DA99509	Transfers, Capital Projects Fund	\$6,667	
				SP99509	Transfers, Capital Projects Fund	\$3,458	
Electric Utilities							
EE19504	Taxes & Assess On Munic Prop, Contr Expend	\$98,416	\$69,620				
EE19944	Depreciation	\$405,335	\$457,206				
EE84101	Electric And Power, Pers Serv	\$1,159,373	\$1,197,077				
EE84104	Electric And Power, Contr Expend	\$4,454,726	\$5,286,469				
EE84108	Electric And Power, Empl Bnfts	\$458,115	\$423,090				
EE97107	Debt Interest, Serial Bonds	\$62,055	\$39,495				
EE97307	Debt Interest, Bond Anticipation Notes	\$14,822	\$49,915				
GRAND TOTAL		\$14,742,958	\$16,070,050	GRAND TOTAL		\$6,796,052	\$7,131,326

APPENDIX B

Project Update Public Presentation PowerPoint

Shared Services Study- Project Update and Public Meeting

Village of Lake Placid and Town of North Elba

Charles Zettek, Jr.
Director, Government
Management Services

April 29, 2008

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CGR *Inform and Empower*

Purpose of Tonight's Meeting

- Provide overview of what we have found
- Provide public opportunity for comment
 - Have we missed anything?
 - Any suggestions we should consider in preparing the final report?
 - Input form available to provide written comments to CGR

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CGR *Inform and Empower*

Tonight's Agenda

- Review Purpose of Study
- Review of Shared Agreements
- Village and Town Overview (Demographics and Budget)
- Review of Municipal Operations
- Court Overview
- Water Overview
- Sewer Overview
- Tax Impact Analysis
- Questions and Answers

3

CGR *Inform and Empower*

Review of the Study

- North Elba and Lake Placid have a long history of working together to share services and distribute costs across the community.
- 2006 MOU between the two boards is a landmark agreement to work together
 - *Primary objectives “Efficiency” and “Equity”*
 - *North Elba and Lake Placid are way ahead of the curve across the state in working together and sharing services.*

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CGR *Inform and Empower*

Existing Agreements between Village and Town

- Mirror Lake Drive sidewalk winter maintenance
- Dog Warden
- Ray Brook Water District
- ORDA Bus Lease
- Public Transit – LP Xpress
- Joint Sharing of Town/Village Hall
- Joint Board of Review
- Joint Planning Commission
- Joint Zoning Board of Appeals

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CGR *Inform and Empower*

Existing Agreements between Town and Village

- Highway Garage Lease
- Highway Garage Roof Replacement
- Fire Protection in Districts 1 & 3
- Building Department (As of 1/1/07)
- Parks Maintenance
- Fuel Sharing & Capital Improvements
- Black Fly Control

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CGR *Inform and Empower*

Agreements Outside of Town and Village

- Village with Ironman North America Triathlon (License to conduct event)
- Village with LP Horse Show Association (Parking)
- Village with North Elba Historical Society (Parking)
- Village with Village of Tupper Lake (Highway)
- Town with Village of St. Armand (Fire Protection)
- Town with Town of Wilmington (Shared Highway Svcs.)
- Town with Village of Saranac Lake (Fire Protection #2)
- Town with Several Entities for Joint Youth Programming

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CGR *Inform and Empower*

Shared Services Models Used in VLP/TNE and Across the State

- Single entity runs operation, other entity shares costs.
 - Cost sharing strategies:
 - Some pre-agreed split – example: Placid Xpress
 - Some split based on derived costs – example: Village in Town Hall
 - Proportion based on population or usage – example: water bill
 - Proportional based on taxable property – example: fire districts
- Joint operation run by a manager reporting to both

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CGR *Inform and Empower*

Primary Areas Suggested for Potential Opportunities

- Court – Single court system
- Water – Manage as a single system
- Sewer – Manage as a single system
- Highway – Manage as a single system
- Administrative Services – Integrate operations

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CGR *Inform and Empower*

Communities in Context

- Village is 1.5 square miles = .08% of County and only 1% of Town
- Town is 156.5 square miles (including water) = 8.2% of County
- 75% of Town is New York State Land (Almost all TOV)
 - Represents only 6.1% of Assessed Valuation in the Town
- Village population as % of Town population
 - Village population in 1930 = 2,930. 45% of Town
 - Village population in 1960 = 2,998. 50% of Town
 - Village population in 1990 = 2,485. 32% of Town
 - Village population in 2000 = 2,638. 31% of Town
 - Village 2006 estimate = 2,814. Town 2006 estimate = 9,051
Village = 31% of Town population in 2006.

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CGR *Inform and Empower*

Key Indicators of Financial Health

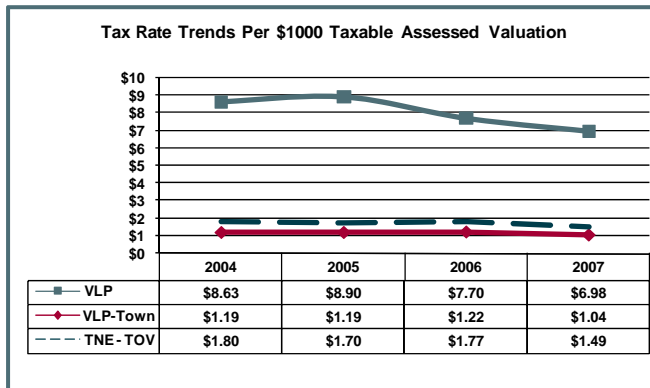
- Village of Lake Placid
 - 2006 Constitutional Tax Limit Exhausted: 39.3%
 - 2006 Average for all Villages in NYS: 26.1%
 - 2006 Constitutional Debt Limit Exhausted: 8.9%

	2006 Tax Rate	Statewide 2006 Median	Statewide Rank	Percentile
VLP	\$7.70/\$1000	\$10.24/\$1000	238/634	37th
TNE	\$1.77/\$1000	\$5.15/\$1000	133/930	14th

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CGR *Inform and Empower*

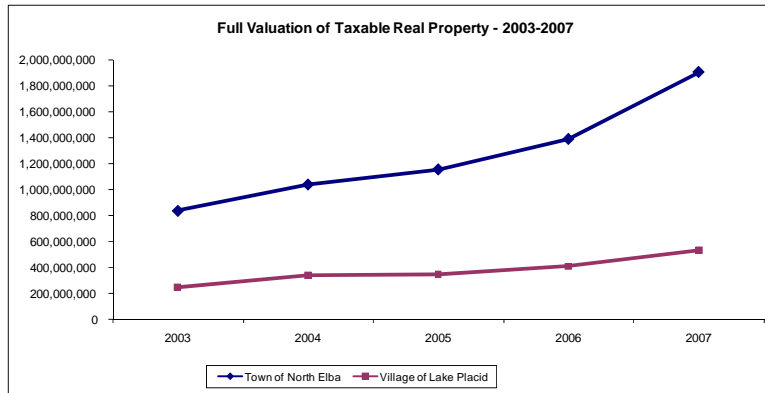
Tax Rate Trends



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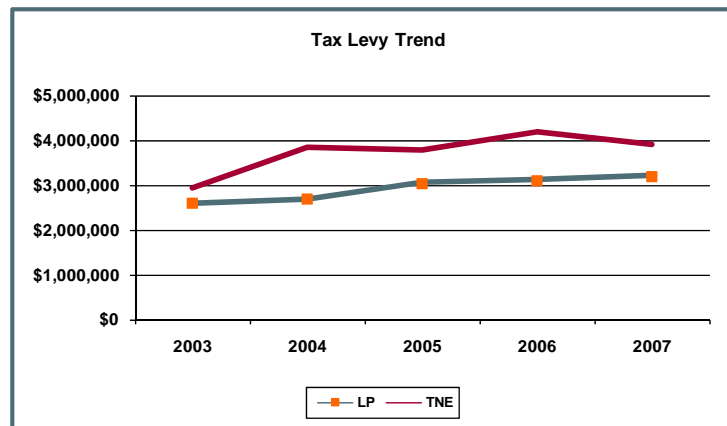
Trends in Assessed Valuation



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Tax Levy Trends. Tax Levy = Total Costs Paid by Property Tax



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CGR *Inform and Empower*

Actual Tax Levy Changes

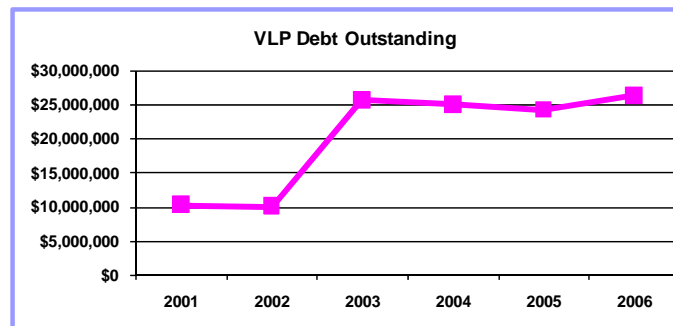
- How tax levies have changed over time – data for previous chart

Tax Levy Changes Compared - General Fund				
Year	Village	% Change	Town (Townwide)	% Change
2001	\$ 2,201,624		\$ 2,452,355	
2002	\$ 2,352,019	6.8%	\$ 2,638,832	7.6%
2003	\$ 2,601,890	10.6%	\$ 2,923,324	10.8%
2004	\$ 2,693,863	3.5%	\$ 3,817,651	30.6%
2005	\$ 3,052,700	13.3%	\$ 3,757,706	-1.6%
2006	\$ 3,113,754	2.0%	\$ 4,175,068	11.1%
2007	\$ 3,204,689	2.9%	\$ 3,892,928	-6.8%

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CGR *Inform and Empower*

Village Debt Load

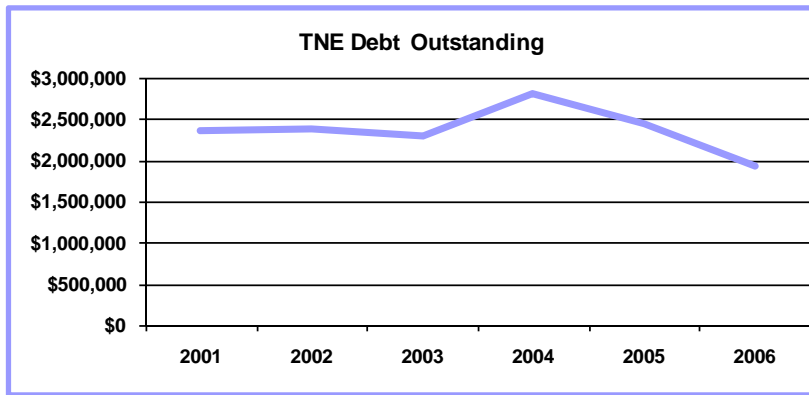


- Majority of Debt is Water/Sewer/Electric

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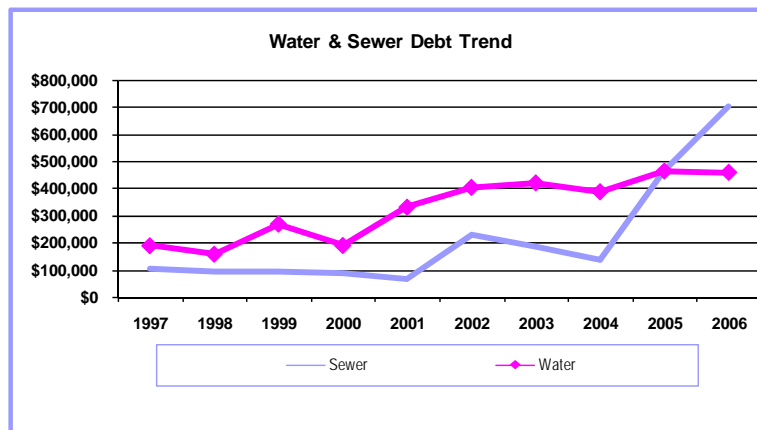
Town Debt Load



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Water and Sewer Debt



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Financial Data Background

- Sources
 - 2003/04 – 2005/06 Actual Revenues and Expenses from New York State Office of the State Comptroller (OSC)
 - 2007/08 and 2008 Village and Town budgets respectively
- Lake Placid: 2007/08 Village Budget (excluding Electric) = \$9 Million
 - Numbers throughout this report are for all Village operations except Electric as it is a quasi-separate entity: 2007 Electric budget = \$7.2 Million
- North Elba: 2008 General Fund Budget = \$3.1 Million
 - Total TNE budget including capital projects, highway funds, districts and park district = \$8.9 million

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Lake Placid Municipal Operations Per 2007-08 Budget

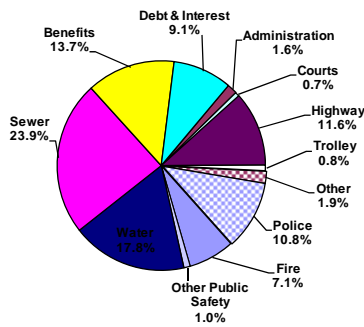
- General Administration - \$139,735
- Highway - \$1,040,716
- Trolley - \$75,000
- Other – Includes Zoning & Planning - \$139,000
- Other Public Safety - \$90,088
- Fire – \$639,102
- Police – \$966,148
- Court – Reviewed Separately
- Water – Reviewed Separately
- Sewer – Reviewed Separately

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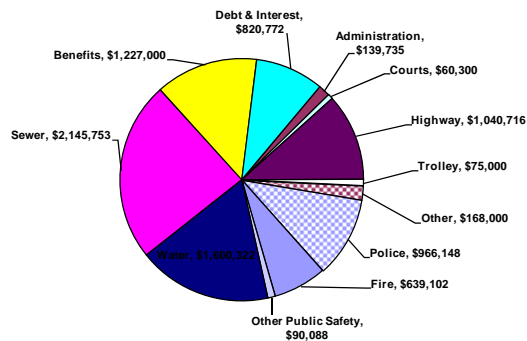
Lake Placid Expense Summary

Lake Placid Budget Allocation (07-08)

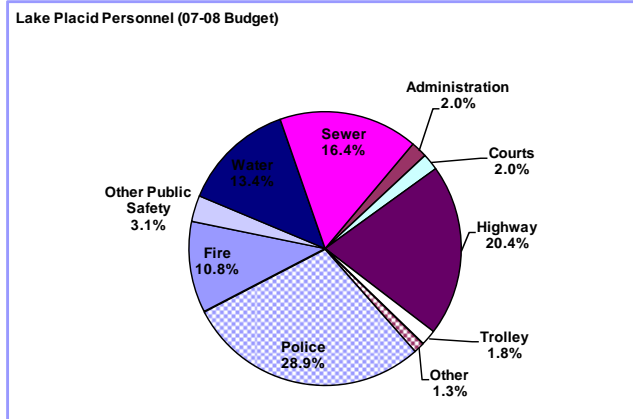


Lake Placid Expense Summary

Lake Placid 2007-08 Budget Allocation



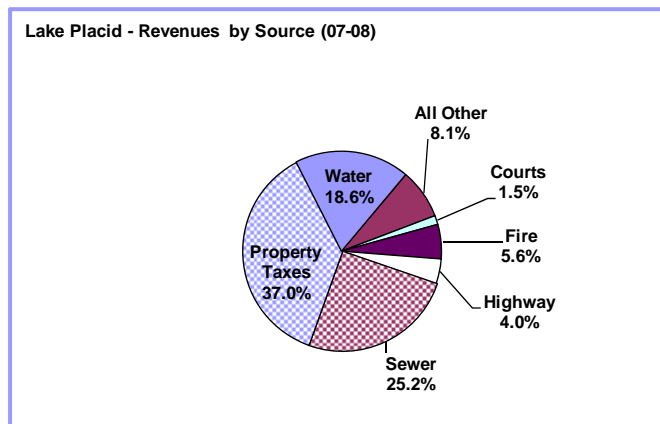
Lake Placid Personnel Costs Summary (52 FT)



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Lake Placid Revenue Summary



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North Elba Municipal Ops.

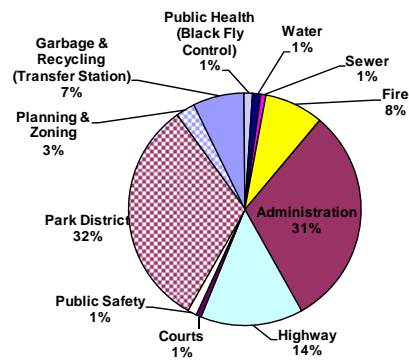
- General Administration - \$2,177,154
- Highway - \$1,008,895
- Courts - \$50,480
- Public Safety - \$95,728
- Park District - \$2,250,398
- Planning & Zoning - \$193,488
- Refuse & Recycling - \$502,000
- Black Fly Control – 83,625
- Fire - \$580,000

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North Elba Expense Summary

North Elba—Total Costs by Function (2008 Budget)

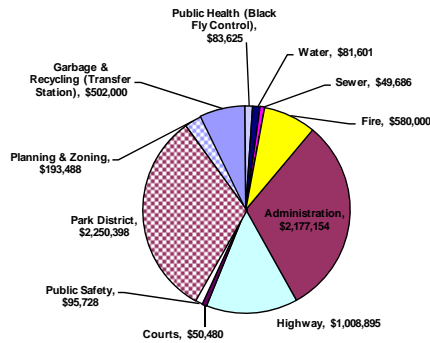


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North Elba Expense Summary

North Elba--Total Costs by Function (2008 Budget)

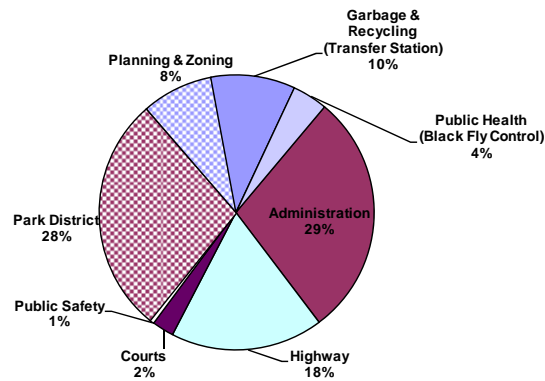


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North Elba Personnel Costs Summary (37 FT)

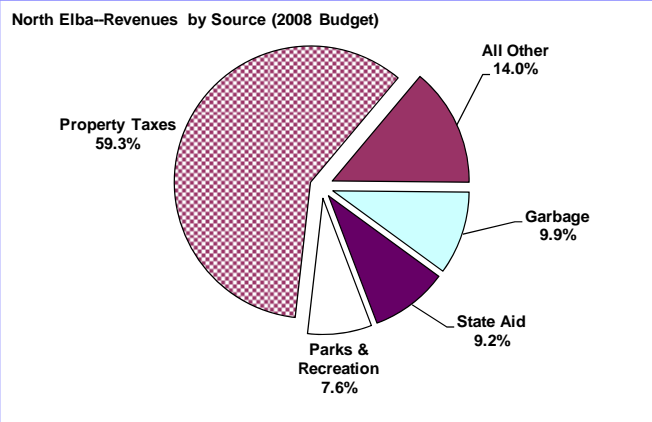
North Elba--Personnel Costs By Function (2008 Budget)



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North Elba Revenue Summary



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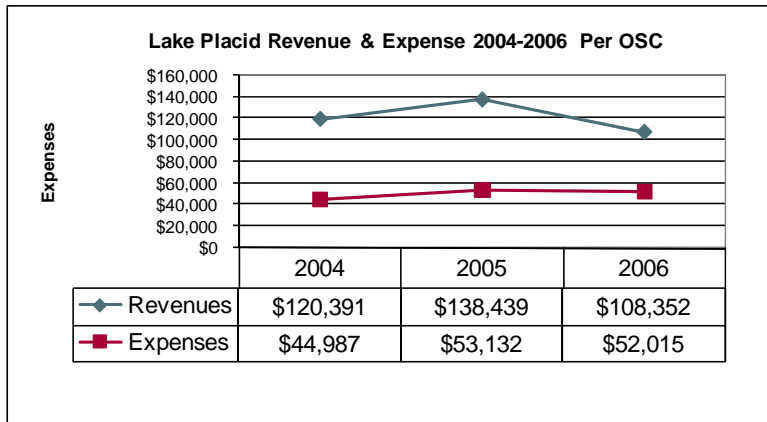
2007 Court Overview

- Village
 - 2 Justices, 1 Court Clerk
 - 86% of Cases Started in 2007 were related to Penal Law (8%) or Vehicle & Traffic Law (78%)
- Town
 - 2 Justices, 1 Clerk
 - 94% of Cases Started in 2007 were related to Penal Law (6%) or Vehicle & Traffic Law (88%)

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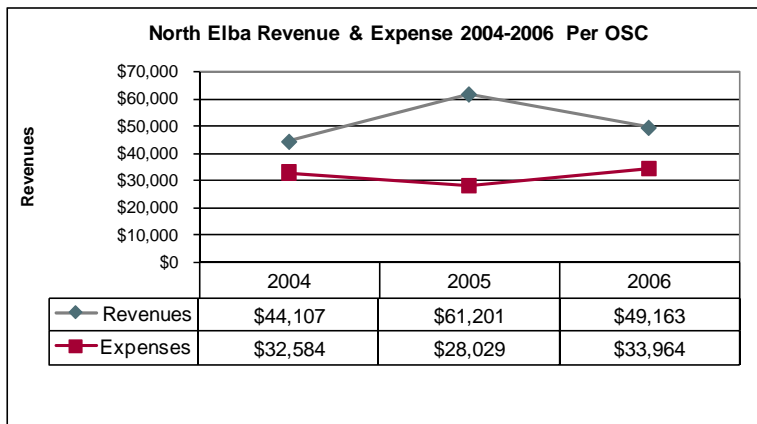
Court Revenue & Expense Comparison



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Court Revenue & Expense Comparison



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Village Court Activity - Based on 2005-2007 Average

- Average # of cases started annually = 2,478
- 78% of cases (1,927) = Vehicle & Traffic Law
- 8% of cases (207) = Penal Law
- 6% of cases (154) = LL3
- 3% of cases (84) = Civil Fees
- 3% of cases (80) = LL
- <2% of cases (41) = all other
- Average # of defendants in these cases = 1,981

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Town Court Activity - Based on 2005-2007 Average

- Average # of cases started annually = 1,893
- 88% of cases (1,669) = Vehicle & Traffic Law
- <6% of cases (104) = Penal Law
- 1% of cases (26) = Civil Fees
- <6% of cases (105) = all other
- Average # of defendants in these cases = 1,620

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Court Comparison

- Lake Placid represents almost 57% of total cases started during the last three years.
- The Town and Village of Cobleskill has 4 PT Justices and is considering going to 2 PT Justices with a similar volume of cases.
- VLP/TNE 2000 Population = 8,661
- Cobleskill 2000 Population = 6,411

Year	Cases Started			Town & Village of Cobleskill
	VLP	TNE	<i>Total</i>	
2005	2491	1968	<i>4459</i>	3887
2006	2606	1812	<i>4418</i>	3277
2007	2338	1898	<i>4236</i>	3795
	7435	5678	<i>13113</i>	10959
% of Total	56.7%	43.3%		

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What Happens to Funds Raised Through Village Court Activity?

- Total revenues in Calendar 2007, per OSC = \$258,752
- Village kept \$155,757 (60.2%), including funds related to:
 - Local ordinances
 - Parking violations
 - Penal law offenses involving the Village
 - Vehicle & Traffic Law, Section 1100-1200 (except that NYS gets 100% for speeding and reckless driving offenses, and County gets 100% for DWI)

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What Happens to Remaining Village Court Revenues?

- State's portion in 2007 = \$70,715 (27.3%)
 - Funds for all other Vehicle & Traffic Law offenses; 50% of surcharges for handicapped parking violations; other surcharges
- County '07 portion sent via NYS = \$32,280 (12.5%)
 - Primarily for DWI offenses + 50% of surcharges for handicapped parking violations.

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Village Court - Additional Information About Revenues

- In 2007, Village of Lake Placid ranked 228 out of 1,252 Town and Village Courts in NYS relative to money raised in court (#1 is highest)
- Avg. annual revenues, 2005-07 = \$266,135
 - 3 year Village portion average: \$146,400
 - 3 year County portion average: \$35,683
 - 3 year State portion average: \$84,052

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Court Summary

- 2007-08 Budgets for TNE and VLP reveal combined estimated court costs were \$110,780 (\$99,580 for personnel) and \$188,000 in revenues
- This represents 4 part-time justices, 2 FTE clerks and a part-time clerical (in 2007).
- Other towns and villages have combined courts, seen some reductions in justices needed, with minimal impact on overall revenues.

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Water Overview

- As of 10/31/07 there were 2,324 total water users.
- Outside Users represent 45% of the revenue
- General Fund budgeted to receive \$165,000 from Water Fund in 2007-08
 - 2006-07 Actual was \$70,000
 - (note – Usage figures not comparable until Village residential goes to meters at end of 2008
 - *Source: Data provided by Village Office for four quarters ending 10/31/07.*

	Water	
	Usage	Charge
Inside	15,672,237	\$774,104
Outside	15,240,746	\$648,962
Outside %	49.3%	45.6%

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Water Overview (2)

- Outside Commercial Users represent 23% of the total number of Commercial users, but they use 32% of the commercial water delivered and pay 39% of total fees.

Commercial Water Users					
	Usage	Charge	Users	Avg. Usage	Avg. Charge
Inside	15,668,410	\$569,014	362	43313	\$1,573
Outside	7,408,987	\$357,501	105	70562	\$3,405
Outside %	32.1%	38.6%	22.5%	62.0%	68.4%

Water Overview (3)

- Outside Residential Users represent 49% of the total number of Residential users, but pay 59% of total fees (note – Usage figures not comparable until Village goes to meters at end of 2008).

Residential Water Users					
	Usage	Charge	Users	Avg. Usage	Avg. Charge
Inside	3,533	\$201,506	882	4	\$228
Outside	7,831,526	\$288,968	843	9287	\$343
Outside %	100.0%	58.9%	48.9%	100.0%	60.0%

Sewer Overview

- As of 10/31/07, there were 2,001 Total Sewer Users
- Those Outside the Village represent 40% of the revenue
 - (note – Usage figures not comparable until Village residential goes to meters at end of 2008)
 - *Source: Data provided by Village Office for four quarters ending 10/31/07.*

	Sewer	
	Usage	Charge
Inside	14,669,163	\$1,225,893
Outside	10,865,323	\$825,060
Outside %	42.6%	40.2%

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Sewer Overview (2)

- Outside Village Commercial Sewer Users represent 17% of the total Sewer Users on the current system; they produce 27% of total volume and pay 35% of total charges.

	Commercial Sewer Users				
	Usage	Charge	Users	Avg. Usage	Avg. Charge
Inside	14,665,380	\$857,947	360	40765	\$2,385
Outside	5,482,532	\$460,322	74	74088	\$6,221
Outside %	27.2%	34.9%	17.1%	64.5%	72.3%

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Sewer Overview (3)

- Outside Village Residential Sewer Users represent 41% of the total Sewer Users on the current system; they pay 50% of total charges. (note – Usage figures not comparable until Village goes to meters at end of 2008).

Residential Sewer Users					
	Usage	Charge	Users	Avg. Usage	Avg. Charge
Inside	3,489	\$364,392	871	4	\$418
Outside	5,382,637	\$363,090	594	9065	\$612
Outside %	99.9%	49.9%	40.5%	100.0%	59.4%

Water and Sewer Summary

- Current thinking is to manage water and sewer as integrated systems.
- The two-tiered water and sewer rates create uneven distribution of costs across the entire systems
- The benefits of real estate developments (i.e. increased assessed value) that tie into water and sewer are not evenly distributed across the entire systems.
- Potential solution – a Water and Sewer Shared Services Board and an Agreement that revises rates to share costs equitably across rate payers and shares assessed value benefits across all rate payers.

Highway/DPW Operations

- 2008 Village budget: \$1.04 million
 - 19 F.T. employees split between DPW/Water and Sewer operations. Includes Supervisor but not the dedicated Water Plant operator. Employee count down 4 over last two years.
- 2008 Town budget: Town wide: \$492,639
T.O.V: \$471,355
 - 8 F.T. employees budgeted in Highways, includes Superintendent. Total employees in DPW = 15.

Highway/DPW Summary

- Already share D.P.W. garage with costs split roughly 1/3 each with school district, as well as fuel facilities based on usage. A unique arrangement in our experience.
- Currently share personnel and equipment as needed.
- Equipment inventory not excessive – designed for peak capacity needs which is prudent.
- Potential model would be jointly run operations, however, only one successful example of that in the state.
- The issue is how to properly allocate Town costs across the community.

Administrative Services

- Village elected officials and administrative services include 5 member board (including Mayor), Clerk, Treasurer
- Town elected officials and administrative services include 5 member board (including Supervisor), elected Town clerk, deputy Town Clerk, budget officer, accounts clerk, human resources coordinator.

Administrative Services Summary

- The Village Board, including the Mayor, costs around \$28,600 plus benefits.
- Some administrative efficiencies could be achieved by joint operations, however, the Town Clerk is an elected position.
- Purchasing is done by departments with central review, however, major cost items are already purchased through state contract.

Police Discussion Summary

- Policing in the greater community has been raised as a topic. The primary law enforcement agencies in the town are the Villages of Lake Placid, Saranac Lake and the State police. The Sheriff provides minimal coverage.
- Village 2007-08 Police budget = \$1.24 Million (includes benefits at 35%) = 14% of the total budget and 39% of the tax levy.
- State legislature would have to approve a police district in the town. How to allocate police costs equitably will require a separate study.

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Current Police Personnel

- 1 FT Chief
- 1 FT Admin Assistant
- 4 Sergeants
- 9 FT Patrol Officers
- 3 PT Patrol Officers
- 1 PT Officer/Instructor

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Tax Impact of Cost Changes

- It is possible to estimate the tax impact of changes to the tax levy. For each \$10,000 saved, the tax rates per \$1,000 assessed value would change as follows:

Calculate Tax Rate Change		
Input Tax Levy Change ==>		\$10,000
	Tax Levy Change	Tax Rate Change per \$1,000 of Fully Taxable Assessed Valuation (2007)
Townwide	\$10,000	\$0.005
Village	\$10,000	\$0.019

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Tax Impact Calculation

- For a property assessed at \$200,000 in the village, saving \$10,000 from the tax levy would reduce the tax bill by $\$.019/\$1,000 \times \$200,000 = \3.80 .
- For a property assessed at \$200,000 in the town, saving \$10,000 from the tax levy would reduce the tax bill by \$1.00

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Next Steps

- Review public feedback/comments from tonight
- Create high level financial estimates for planning purposes for potential options
- Review estimates and options with the study committee
- Prepare final community presentation

Conclusion

- *Please offer your feedback on what we have presented and/or suggestions for further study or review. We welcome your comments.*